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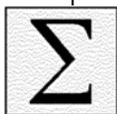
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# Sustainability of Civil Service Reforms in Central and Eastern Europe Five Years After EU Accession

Jan-Hinrik Meyer-Sahling

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**SIGMA - A JOINT INITIATIVE OF THE OECD AND THE EUROPEAN UNION,  
PRINCIPALLY FINANCED BY THE EU**

**SUSTAINABILITY OF CIVIL SERVICE REFORMS IN CENTRAL AND EASTERN EUROPE FIVE  
YEARS AFTER EU ACCESSION**

**SIGMA PAPER NO. 44**

*Before joining the EU in May 2004, Central and Eastern European countries were required to professionalise their civil services. Most were perceived as having made improvements sufficient to be granted EU membership status. But what happened next? Five years after accession, this paper answers the question.*

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**Support for Improvement in Governance and Management**

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**Paper prepared for Sigma by**

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**April 2009**

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<sup>1</sup> In accordance with UN Security Council Resolution 1244, since June 1999 Kosovo has been governed by the UN Interim Administration Mission in Kosovo (UNMIK).

<sup>2</sup> As agreed with the European Commission, Sigma activities are being undertaken initially in nine prioritised countries: Egypt, Jordan, Morocco and Tunisia (ENPI-South); Armenia, Azerbaijan, Georgia, Moldova and Ukraine (ENPI-East).

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Jan-Hinrik Meyer-Sahling  
April 2009

## EXECUTIVE SUMMARY

This paper examines the fate of civil service reforms that Central and Eastern European (CEE) countries undertook to prepare themselves for the EU accession that took place in May 2004 (5th EU enlargement). It concentrates on describing the current situation in the eight CEE countries (CEECs) that joined the European Union (EU) in 2004. The research underpinning this paper was carried out before the current economic crisis erupted and therefore it does not count on its foreseeable effects on civil service developments in the concerned countries.

The paper examines the extent to which these countries have continued the reform of the civil service after accession and the extent to which their civil service systems currently fit the European principles of administration. The results of the research seek to inform EU civil service policy with regard to the current EU candidates and potential EU candidates.

Accession to the EU implied the beginning of a new phase for the development of CEE civil services. CEE governments needed mainly domestic incentives for further investment in their civil service systems. Before accession, the EU had made administrative capacity-building a condition for EU membership. The development of administrative capacity included the requirement to establish professional and depoliticised civil service systems in the then candidate countries. Civil service reform policy was based on the “principles for a European Administrative Space”. The European principles were developed by Sigma in the late 1990s in the context of the EU’s request for a policy template that could inform horizontal administrative reforms in the CEECs. The policy aimed to complement the EU’s effort to develop sectoral administrative capacities in the areas of the *acquis communautaire*.

The Comprehensive Monitoring Reports that were published by the European Commission in 2003 made it clear that the CEECs would have to continue investment in administrative capacities, including the professionalisation of the civil service, after their accession to the EU. Since accession, the civil service has nevertheless played only a small part in the EU’s policy towards the new Member States. Civil services in CEE benefit from financial resources provided by the European Social Fund (ESF) and from the exchange of experience and ideas in the context of the European Union Public Administration Network (EUPAN), but these policies are not tied to particular conditions. EU accession in 2004 meant for these countries that civil service reform was no longer subject to any externally driven incentive. As a result, civil service reform has had to be domestically generated since the day of accession.

Against this background, the question arises as to what has happened to CEE civil services since EU accession in 2004? Have they continued pre-accession reforms to enhance the compatibility of civil service systems with European principles of administration? Have they discontinued their reforms? Have they even reversed pre-accession reforms and reduced the degree of fit with European principles of administration when compared with the status quo on the day of accession? Or have they embarked on an entirely new course, thereby abandoning the policy template that was promoted by the EU in the run-up to accession and that continues to inform EU civil service policy with regard to the current candidates and potential candidates in the Western Balkans?

This paper takes issue with these questions. It examines post-accession pathways and the current compatibility of civil service systems with European principles of administration. The analysis is based on a framework that takes into account pre-accession civil service policy as developed by the EU. It distinguishes eleven domains of civil service governance --width of institutionalisation-- and three levels of institutionalisation --depth of institutionalisation--. The levels of institutionalisation include the formal-legal rules governing the civil service, the actual practices of civil service management, and the attitudes of

civil servants towards various principles of civil service management. The domains of civil service governance include civil service and administrative reform programmes, the legal basis of the civil service, central management of civil service policy, systems for open competition, systems for entrance examination and candidate selection, systems of senior civil service management, systems for the protection of civil service employment, systems of performance evaluation, salary systems, systems for training and development, and systems of civil servants' rights and obligations.

The research relies on three kinds of empirical sources. First, country experts conducted a comprehensive analysis of legal developments since 2004. Second, the research relies on more than 200 interviews with current and former senior officials, current and former politicians, and external observers from academia, NGOs and the media. Interviews were conducted in all eight new EU Member States, in Brussels with representatives of the European Commission, and with Sigma representatives in Paris. Third, a survey was carried out of civil servants in the ministerial bureaucracy. The survey reveals civil servants' experience with the practices of personnel policy as well as their attitudes towards various principles of personnel policy. The survey generated almost 3000 responses from seven of the eight countries under study here. It was administered as an online survey and was managed by RAND Europe, with its headquarters in Cambridge, UK. Based on this mix of empirical sources, the paper identifies the "degree of fit" of levels and domains of civil service governance with European principles of administration.

The paper argues that only a minority of countries has made progress since gaining full EU membership in 2004. First, Lithuania, Latvia, and to a lesser extent Estonia stand out in that they have continued pre-accession reforms and upgraded their civil service systems. In all three countries, the civil service system has reached a relatively high degree of fit with European principles of administration, but the achievements remain vulnerable and unconsolidated. At the time of writing, Lithuania was the regional frontrunner in the area of civil service professionalisation.

Second, Hungary and Slovenia are classified as cases of "constructive reform reversals". Both countries have made progress in some areas of civil service governance but the fit with European principles has declined in others. Overall, the civil service systems in Hungary and Slovenia demonstrate an intermediate degree of fit with European principles of administration.

Third, Poland, Slovakia and the Czech Republic are all classified as cases of "destructive reform reversals". In all three cases civil service institutions have been eliminated since accession, without the establishment of new frameworks. For the time being, the civil service systems of these three new Member States have not reached an intermediate degree of compatibility with European standards of administration. However, the three countries, especially Poland, have recently started to make efforts to reconstruct their civil service systems.

The paper further argues that some domains of civil service governance are characterised by a greater degree of post-accession sustainability than others. The general fit with European principles is highest in the area of open competition and to a lesser extent in the areas of training and civil servants' rights and obligations. By contrast, salary systems remain the weakest link of the civil service systems, despite major reform investment since accession in most CEECs. Examination and selection systems have been further deregulated and, on average, they no longer reach an intermediate degree of fit with European principles. The remaining domains tend to be characterised by a high degree of cross-national variation.

The paper also argues that the depth of institutionalisation of European principles varies across domains and across countries. However, there is a general tendency for the actual practices of personnel policy to be less aligned with European standards than with both formal-legal rules and civil servants' attitudes towards personnel management. Civil service attitudes are highly supportive of the principles of merit recruitment and promotion, political neutrality and de-politicisation. At the same time, a majority of civil servants favours the deregulation of civil service systems in the areas of examinations, salaries and employment protection.

While it is conceivable that without EU-driven pressure in the run-up to accession civil service professionalisation would have attracted far less attention, the findings in this paper raise questions with regard to the driving forces that lie behind the diverse post-accession trajectories, in particular with regard to the EU role in promoting post-accession sustainability in the new Member States. The paper argues that only few EU policy instruments were geared towards ensuring post-accession sustainability in the area of civil service reform. EU pre-accession pressure was largely discontinued on the day of accession while EU technical assistance continued until the end of 2007 through the Transition Facility Instrument. However, long-term effects of reforms were made depended almost exclusively on domestic conditions after accession. Among the post-accession instruments, the European Social Fund (ESF) has contributed to the generally positive record in the area of training policy.

The paper therefore suggests that domestic conditions have mainly shaped the variation in post-accession pathways. Deeper analyses are needed in order to identify the reasons explaining those diverse national pathways. The general determinants of civil service professionalisation in the new Member States will be subject to further investigation by Sigma in the future.

## 1. Introduction

This paper examines the fate of civil service reforms that Central and Eastern European (CEE) countries undertook to prepare themselves for the EU accession that took place in May 2004 (5th EU enlargement). It concentrates on describing the current situation in the eight CEE countries (CEECs) that joined the European Union (EU) in 2004. The research underpinning this paper was carried out before the current economic crisis erupted and therefore it does not count on its foreseeable effects on civil service developments in the concerned countries. The paper examines (i) the extent to which these countries have continued pre-accession civil service reforms after accession, and (ii) the extent to which their civil service systems fit European principles of administration at the time of writing (summer – autumn of 2008).

Accession to the EU implied the beginning of a new phase in the development of CEE civil services. CEE governments were no longer subject to EU pressure and had to develop domestic incentives for the continuation of civil service reforms if they wanted to promote professionalism and the alignment of their civil service systems with European principles of administration. Before accession, the EU had made administrative capacity-building a condition for EU membership. The development of administrative capacity included the requirement to establish professional and depoliticised civil service systems in the then candidate countries. Civil service reform policy was based on the “principles of a European Administrative Space” (Sigma 1998, 1999). The principles of European public administration were developed by Sigma in the 1990s in the context of the EU’s need for a policy template that could inform horizontal administrative reforms in the CEE states and that would be clearly based on the requirements stemming from the Copenhagen and Madrid accession criteria.

The Comprehensive Monitoring Reports that were published by the European Commission in 2003 made it clear that the CEECs would have to continue investment in administrative capacity after their accession to the EU<sup>3</sup>. Since accession, the civil service has nevertheless played only a small part in the EU’s policy towards the new Member States. Civil services in CEE benefit from financial resources provided by the European Social Fund (ESF) and from the exchange of experience and ideas in the context of the European Union Public Administration Network (EUPAN), but the use of these instruments are not tied to particular reform policies or conditions. EU accession in 2004 meant for these countries that civil service reform was no longer subject to EU conditionality. As a result, investment in the professionalisation of the civil service would no longer benefit from external incentives, and the impetus for reform would have to be domestically generated.

The question therefore arises as to what has happened to CEE civil services since EU accession in 2004? Have they continued pre-accession reforms in order to increase the fit of their civil service systems with European principles of administration? Have they discontinued their efforts? Have they even reversed pre-accession reforms and reduced the degree of fit with European principles to a level below the status quo on the day of accession in 2004? Or have they embarked on a new reform course, thereby abandoning the policy template that was promoted by the EU in the run-up to accession and that continues to inform EU civil service policy with regard to the current EU candidates and potential EU candidates in the Western Balkans?

The examination of the post-accession sustainability of civil service reforms pursuing its professionalisation in the CEECs also matters with regard to current debates on the future of CEE administrations and the Europeanisation of CEECs. There has been a long-standing discussion of the patterns of executive governance that have emerged in the CEECs since their exit from communism more than one and a half decades ago (Bossart/Demmke 2003, Dimitrov et al. 2006, Verheijen 1999). The

<sup>3</sup> The Comprehensive Monitoring Reports usually pointed out in typical diplomatically coded language that “sufficient conditions for the implementation of the *acquis* in country X [were] in place but there [was] room for further improvement”. The issues singled out for improvement varied in number, scope, detail and urgency, but the reports identified for all countries at least some basic areas for improvement.

initial expectation was that CEE administrations would naturally converge with Western models and traditions of public administration (Hesse 1998). The very notion of a European Administrative Space and the presence of shared principles of public administration later turned this expectation into a programme, which informed the pre-accession policy of the EU vis-à-vis the CEECs (Sigma 1998).

The European Administrative Space was a metaphor meant to convey the idea that, even if the institutional configurations of the EU-15 were marked by differences, at least at the level of general principles, a degree of convergence existed among them and these principles were a product of the jurisprudence of the European Court of Justice and of the constant interaction among civil servants from the Member States. The Court was processing diverse general administrative law principles collected from the EU-15 national systems to form an incipient European-wide administrative law. Moreover, the idea of the European Administrative Space was to highlight the legitimacy of the Copenhagen and Madrid criteria demanded by Member States from candidates, while taking into account that the EU-15 had already generally met those criteria when they were adopted in Copenhagen in 1993.

Some research has been sceptical with regard to the prospects of gradual Westernisation of CEE administrations (Nunberg 1999). Instead, differences between Western and CEE administrations could persist in the long term (Goetz/Wollmann 2001, Meyer-Sahling 2008). Moreover, “defective administrations”, characterised by such features as high levels of politicisation, instability and weakness of the rule of law could become permanently institutionalised, which would undermine the governance capacity of the CEECs and their ability to effectively participate in the EU (Goetz 2001). An assessment of recent civil service developments in the CEECs provides an opportunity to contribute to these debates in that it helps to specify the kind of civil service systems that have emerged in the eight CEECs that joined the EU in 2004.

The examination of post-accession development in the area of civil service governance also addresses debates on the consequences of pre-accession conditionality on reforms after CEECs gained EU membership. As pre-accession reforms were subject to conditionality pressures, it has been argued that CEECs had an incentive to reverse these reforms once they became EU members (Dimitrova 2007, Epstein/Sedelmeier 2008, Pridham 2008, Sadurski et al. 2006, Sedelmeier 2008). Yet it is also conceivable that pre-accession reforms entrenched the proponents of civil service professionalisation in the CEE administrations and, as a result, the CEECs continued to invest in the development of their civil service systems after the date of EU accession. The present paper contributes to these questions, as it identifies first of all what kind of post-accession pathways can be distinguished for the eight CEECs that joined the EU in 2004. This is a necessary first step before we can begin to explain “why” some CEECs have reached a higher level of post-accession sustainability than others.

Finally, the assessment of recent civil service developments in the new Member States has implications for the countries that are not (yet) members of the EU. The EU supports the reform of the administration, including the reform of the civil service, in the current EU candidate countries and potential EU candidates in the Western Balkans. The absence of consolidated nation-states and the need to invest in the establishment of “usable state apparatuses” (Linz/Stepan 1996) will be a precondition for the success of democratisation processes in these countries. With or without enlargement, it is imperative for the EU to develop an effective administrative reform and state-building policy for these countries that goes beyond the development of administrative capacities in the policy areas covered by the *acquis communautaire* (hereafter referred to as the *acquis*). The establishment of accountable and effective civil service systems is a key element of this kind of policy. There are some important differences between the new CEE Member States and the current EU candidates and potential candidates. Yet the study of the CEECs will provide an opportunity in the future to draw lessons from the pre-accession process and from the early post-accession experience of countries that are the most similar to the current EU candidates and potential candidates.

Against this background, the remainder of this paper is divided into three parts. It first sets out the framework for the analysis of reform sustainability, which is based on the EU template for civil service reform in acceding countries (Part II). The paper then provides an analysis of developments since 2004 and

of the extent to which CEE civil services have reached compatibility with European principles of administration, as developed by the EU. The analysis distinguishes eleven domains of civil service governance and three levels of institutionalisation by examining formal-legal frameworks, the actual practices of personnel management, and the attitudes of civil servants towards European principles of administration. This analysis represents the main part of this paper (Part III).

Subsequently, the paper derives comparative conclusions and addresses the wider implications of the findings (Part IV). It discusses distinctive features of CEE civil services and identifies the countries that have reached a high degree of post-accession sustainability and those that have failed to do so. The paper closes with a discussion of factors that have contributed and/or undermined the sustainability of civil service reforms after accession. This discussion pays particular attention to the contribution of EU civil service policy to reform sustainability in the new Member States. It sets the scene for the next stage of research, which will investigate in more detail the determinants of variation in civil service professionalisation in the CEECs and identify the lessons to be learned for the elaboration of the EU's strategy with regard to the current candidates and potential candidates.

## **2. Studying the Post-Accession Sustainability of Civil Service Reforms: Framework for Analysis**

How does one study the post-accession sustainability of civil service reforms in the new EU Member States of Central and Eastern Europe? "Sustain-ability", as generally defined in the Oxford English Dictionary, refers to the ability to "keep something going over time or continuously". In the present context, we are not interested merely in the continuation of reforms after EU accession. Rather, we are more specifically interested in the continuation of efforts that are in line with pre-accession initiatives of the EU in the area of civil service reform. Sustainability, as understood here, is therefore lacking if the new CEE Member States have halted their efforts to invest in the professionalisation of the civil service, or if they have even reversed pre-accession reforms and, as a result, lowered the level of civil service professionalisation that they had reached on the day of accession.

This narrow understanding of sustainability immediately directs attention to the question of what the EU actually wanted the candidate countries to do before accession. The Regular Reports on reform progress that were prepared annually by the Commission can be seen as the most authoritative source of what the EU wanted from the applicant states and how important an issue was for the Commission (cf. Steunenber/Dimitrova 2007). The civil service was addressed in the "political chapter" of the reports under the heading of public administration. However, the most comprehensive conception of EU civil service policy was formulated in the "Civil Service Baselines", which were set in connection with the annual assessments of the civil services in candidate countries conducted by Sigma. The Sigma assessments were a source, amongst others, of information for the preparation of the public administration sections of the EC's Regular Reports.

The objective of the Sigma assessments was to examine the extent to which the civil service systems in candidate countries corresponded to the "principles of the European Administrative Space". These principles of European public administration were developed by the EU and Sigma as part of the EU's attempt to develop an overall public administration reform policy (Sigma 1998, 1999), which could help applicant countries to meet the Copenhagen and Madrid criteria. These European principles are divided into four main groups: (i) rule of law: legality, reliability and predictability; (ii) openness and transparency; (iii) legal accountability; and (iv) efficiency and effectiveness. Each group is supplemented by a range of principles derived from those four main groups, such as the principles of legal certainty, impartiality, political neutrality, professional integrity, and proportionality.

The principles are mainly derived from the case law of the European Court of Justice, but also from formal and informal exchanges of practices among national bureaucracies of Member States. They are assumed to be acceptably reflected in the administrative practices of EU Member States. The reference to general

principles takes into account the fact that the Commission cannot impose on candidate countries the adoption of a particular kind of institutional solution for the management of their civil services because the EU has no specific Treaty-based authority to intervene in civil service affairs of Member States. As a result, the Commission, in collaboration with Sigma, would assess the extent to which the institutional arrangements that had been adopted by the candidate country were compatible with European principles of public administration and the extent to which these institutions had the capacity to generate administrative practices that were compatible with those principles.

Following on from this approach, this paper “unpacks” the civil service according to eleven domains of civil service governance and three levels of institutionalisation in order to examine the compatibility of CEE civil services with European principles of administration.

First, the main domains of civil service governance, their instruments and core principles include the following:

- (i) Civil service reform programmes, in particular the inclusion of the civil service in general programmes for the reform of the public administration, indicating government commitment to civil service reform<sup>4</sup>;
- (ii) Legal basis for the civil service, in particular the adoption and full implementation of a civil service law in order to promote the principles of legal certainty, legal accountability and legal predictability of the civil service;
- (iii) Central structures for the management, co-ordination and control of civil service policy across government institutions in order to ensure the coherence of the civil service;
- (iv) System of open competition to ensure the openness of the civil service and the effectiveness and fairness of the recruitment process;
- (v) System of standardised examinations and candidate selection in order to entrench the principles of merit recruitment, fairness and political neutrality;
- (vi) System for the management of the senior civil service, primarily with a view to promoting professionalism and ensuring the de-politicisation of the civil service;
- (vii) System for the protection of employment in the civil service, in particular with regard to increasing the stability and political neutrality of the civil service;
- (viii) System for the training of civil servants, in particular with regard to the development of competence within the civil service;
- (ix) System for the evaluation of civil servants in order to promote the effectiveness of the civil service and to set incentives for civil servants’ performance;
- (x) System for the remuneration and general reward of civil servants, with a particular view to motivating civil servants and setting incentives for civil servants while at the same time ensuring transparency and the fair and equal treatment of civil servants;
- (xi) System of rights and obligations – including restriction of political and economic/professional rights of civil servants, application of codes of ethics, systems of wealth declaration, and system of

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<sup>4</sup> Strictly speaking, this domain is not directly related to any of the European principles of administration. However, prior to accession the EU placed particular emphasis on the development of reform programmes, and reform programmes constituted an important (although not obligatory) precondition for further investment in the quality of the civil service. Bearing in mind that the Commission, in its Comprehensive Monitoring Reports of 2003, demanded further investment in civil service professionalisation, this paper includes civil service reform programmes and hence government commitment to reform in the evaluation of post-accession pathways.

internal discipline – in order to promote the development of transparency and civil service impartiality<sup>5</sup>.

Second, the notion of compatibility with European principles of administration, as outlined above, is not limited to the adoption of formal rules but also pays attention to actual administrative practices and to the quality of implementation of formal rules. In fact, we can assume that the compatibility of CEE civil services with European principles of administration is further enhanced as these principles become more and more a part of the culture of CEE administrations and are thus reflected in the value-basis of CEE civil servants. We can distinguish three levels of institutionalisation of European principles of administration:

- (i) Compatibility of formal rules with European principles of public administration;
- (ii) Actual practices of civil service management and thus the quality of implementation of civil service laws;
- (iii) Prevalent values and attitudes of civil servants towards European principles of public administration.

The EU obviously did not provide a detailed checklist for the reform of CEE civil services. For instance, in accordance with European principles, the CEECs were required to establish a central authority for the management of civil service policy, but it was not prescribed whether this body should be located in the prime minister's office or ministry of interior or set up as a separate civil service office.<sup>6</sup> In other words, CEE governments had a good deal of flexibility with regard to the kind of institutional solutions they could choose, as long as they could justify that the arrangement would not be contradictory to European principles of administration.

European principles are also compatible with a whole range of models and traditions of public administration. It was an imperative for Sigma and the Commission to achieve this kind of wide compatibility because it would have been politically unacceptable if EU civil service reform policy preferred the civil service systems of certain EU and OECD member countries by relegating others. As a consequence, the civil service reform model proposed as a reference is compatible with the new public management as well as with the classic Weberian administration; it fits a Scandinavian tradition of administration as much as a Germanic, Anglo-Saxon or Napoleonic tradition<sup>7</sup>.

The question therefore emerges as to what is incompatible with European principles of administration. Two sets of principles can be identified. First, European principles of administration were designed quite explicitly to promote European administrative practices and understandings that could effectively support the change of political regimes in Central and Eastern Europe. Before the change of regime, there were no civil service laws in CEE countries that distinguished between politics and the administration as well as between public and private sector employment (König 1992). The rule of law was generally weak and informal, and discretionary management was a characteristic feature of personnel policy (Pakulski 1986). Recruitment and promotion emphasised criteria such as political and ideological reliability, and the ruling party was typically involved in the selection and approval of senior-level appointments in the

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<sup>5</sup> We can of course identify even more domains. For instance, the domain of representation and participation of civil service unions is typically discussed in evaluations of civil service reform. In this domain CEECs do poorly, as unions are weak and their participation is rarely effective. The exception is Slovenia, where unions play an important role. Another domain that could be listed separately is the domain of personnel cost control, which provides a direct view of the principle of efficiency.

<sup>6</sup> See Beblavy (2002) for an excellent discussion of civil service management structures, the various options available and their merits.

<sup>7</sup> For recent studies of administrative traditions, see Painter/Peters (2009) and Ongaro (2008).

administration. The persistence of principles characteristic of communist-type administrations was assumed to be a threat to the success of EU enlargement to the east.

As a second set of principles, there was a choice among EU policy-makers, and also in Sigma, of a kind of civil service system that was closer to the continental *Rechtsstaat* tradition than to the new public management that dominated the reform discourse in Anglo-Saxon countries at the time. The tenet holds that the EU is a system of governance that is fundamentally based on the legal approximation among Member States and that the system of governance depends on the rule of law operating effectively in each Member State. Accession required therefore the ability of the future Member States to ensure the democratic rule of law. Failure to enforce law would threaten directly all Member States operating through loyal co-operation and mutual recognition, principles embedded in the EU Treaties.

The EU approach crystallised in a preference for the minimisation of both political and managerial discretion in order to reduce the risks of “informalism”, discretionary governance and politicisation, all of which were so characteristic of a communist-type administration. The point about politicisation was primarily that political appointees were assumed to feel more loyal to their political masters than to the principle of legality and rule of law.

The EU approach should not be seen as a general opposition to the new public management but rather as a reflection of the general discourse on the reform of post-communist administrations at the time when EU civil service policy was being formulated. It was widely argued that the deregulation of public administration and the delegation of discretion to public sector managers would not be suitable in a context that lacked the tradition of a strong public service ethos and respect for the rule of law. Debates among academics and practitioners therefore considered that administrative reforms along the lines of the classic continental *Rechtsstaat* tradition were more suitable for CEE states than reforms inspired by the new public management (Dimitrova 2002, Nunberg 2000, Sigma 1998, Verheijen 2000, Verheijen/Coombes 1998, World Bank 1997). To put it bluntly, the reform discourse at the time suggested that CEE administrations would have to first follow the Weberian model before considering a greater dose of reforms inspired by the new public management. As early as 1992 Sigma advocated that CEE states should first ensure regularity and predictability of administrative decisions before adopting more managerial approaches.

In sum, this paper assumes that post-accession sustainability of civil service reforms is present if the compatibility of CEE civil service systems with European principles of administration has increased since accession. Sustainability implies progress in the cross-domain diffusion of European principles and in the legal, behavioural and attitudinal entrenchment of these principles in CEE civil services. Moreover, it is assumed that post-accession sustainability refers to the continuation of civil service reforms in accordance with European standards as developed *and* applied during the pre-accession process. Subsequently this assessment will have to be complemented by an analysis of the factors that have shaped civil service developments since accession in order to identify the determinants of actual post-accession *sustainability* of civil service reforms in the new EU Member States.

The next section of the paper turns to the empirical analysis of post-accession sustainability in the eight new EU Member States of Central and Eastern Europe. The paper establishes the basic rationale that underlies individual domains of civil service governance, identifies key criteria for evaluation of the fit with European principles of administration, and then discusses the trajectories and current state of play in the eight CEECs in order to provide a reasoned judgement with regard to the sustainability of reforms in individual areas and individual countries. The comparative conclusions of this paper (Part 4) will then aggregate the findings. The domains and countries will be scored along an ordinal scale ranging from low to high, which will enable us to broadly classify and rank countries, domains and trends in terms of their “degree of fit” with European principles of administration at the time of writing.

The analysis is based on a variety of empirical sources, including legal and documentary material, personal interviews with members of the civil service, politicians and outside observers in CEECs, as well as representatives of EU institutions, and on a survey of ministerial civil servants. The survey helped to

identify the actual practices of personnel policy and civil servants' attitudes towards various principles of civil service management. It was web-based and generated almost 3000 responses from seven of the eight CEECs (except for the Czech Republic). The details of the research methods used for the evaluation are discussed in the appendix to this paper.

### **3. Central and Eastern European Civil Services since Accession: Pathways and Outcomes in Light of European Principles of Administration**

#### **3.1. Status of the Civil Service in Public Administration Reform Programmes**

This section examines the position of the civil service in the context of wider administrative reform programmes that have been developed in the new EU Member States since accession in 2004.<sup>8</sup> Prior to accession, the Regular Reports of the Commission on progress in the candidate countries had directed attention in particular to the existence of administrative reform programmes geared towards increasing the administrative capacities of these countries<sup>9</sup>. The Commission recognised that the development of a reform programme was an important step towards action in the area of administrative reform. Administrative reform programmes outline how various elements of reform relate to each other and how human resources are integrated into the reform agenda. Reform programmes also provide cues with regard to the timing of civil service reforms and indicate some form of government commitment to the reform of the public administration. For this analysis, we therefore examined whether civil service reform was integrated into a comprehensive public administration reform programme.

The post-accession record of the new Member States has been mixed in this area under scrutiny. All eight CEE countries have made at least some basic attempt to prepare a reform of their civil service. However, only Lithuania, Hungary and to a lesser extent Latvia developed and followed up civil service reform initiatives that were embedded in a comprehensive programme of public administration reform. The Hungarian development has been highly contested, however, and its future remains uncertain.

The other five countries have been less productive with regard to the development of comprehensive administrative reform programmes. Estonia has recently developed a civil service reform, but the "reform memorandum" has not been integrated very much with wider administrative reform plans. Slovenia and to a lesser extent the Czech Republic have been active administrative reformers, but the civil service has played a subordinate role in these activities. Poland has concentrated on the fight against corruption but it has lacked both a civil service reform plan and a wider administrative reform strategy for most of the post-accession period. For the time being, Slovakia has arguably had the most limited civil service reform strategy when compared to the other countries, but – as in Poland – recently there have been attempts to resume the reform of the civil service.

#### ***Exploring government commitment to civil service reform***

**Slovakia** introduced major changes to the civil service system in 2006 when the Civil Service Office was abolished and the recruitment system was deregulated. Yet the change was not part of any administrative reform programme. The Civil Service Office had prepared plans to amend the Civil Service Law but this did not include the abolition of the Office itself. Instead, the 2006 reform was largely an ad hoc measure initiated by the Ministry of Finance and then passed by the Dzurinda Government before the parliamentary elections. The Fico Government has so far not seen a need for reconstructing the civil service system, even if there is a consensus among administrative policy-makers in the Government Office, the Ministry of

<sup>8</sup> As outlined above, civil service and public administration reform programmes do not directly coincide with any of the European principles of administration. However, reform programmes have been an essential element of the EU approach to civil service reform during the accession process.

<sup>9</sup> The notion of administrative capacities is often taken as meaning that there is sufficient professionalism in the civil service and that a coherent institutional or organisational set of administrative structures exists.

Labour and external observers that it is necessary to resume the reform of the civil service. As a result, the government included the amendment of the Civil Service Law in its legislative plan for 2008, but the absence of a reform concept and the fact that the parliamentary cycle is soon coming to a close will make it difficult to undertake constructive reform in the near future.

**Poland** experienced a similar trajectory but there are now efforts to reconstruct the civil service system. The change of government in 2005 produced a major change in the civil service system, including the abolition of the Civil Service Office and the transformation of senior civil service posts into political appointee positions. These changes were introduced in the context of an anti-corruption campaign of the centre-right government in 2005, but they were not part of a comprehensive administrative reform programme.<sup>10</sup> The change of government in the autumn of 2007 led to a reorientation in that the Prime Minister's Office has started to prepare a reconstruction of the civil service system, but there are few signs that a comprehensive reform of the public administration is, or will become, one of the priorities of the current government.

The **Czech Republic** is usually identified as the civil service reform laggard in the region because it has never implemented the Civil Service Act that was passed in 2002. Yet the Topolánek Government that took office in the autumn of 2006 resumed the reform of the public administration, focusing on issues of efficiency, regulatory quality, e-government, citizen orientation and quality of public services. In this context, the Ministry of Interior developed and piloted a number of promising initiatives.<sup>11</sup> While human resources management in the public administration has been part of the wider agenda, it has not received the same attention by the political leadership in the Ministry of Interior. There have been efforts since the summer of 2007 to resume the reform of the civil service, and this reform was also authorised by the cabinet, but it will be difficult, as in the Slovak case, to move far ahead before the end of this parliamentary cycle.

Latvia, Estonia and Slovenia are part of a group of countries that have developed more ambitious reform plans. **Estonia** developed a number of administrative reform measures, such as strategic planning and performance management in government, and anti-corruption measures. In addition, there were first attempts in 2004 to pass a civil service reform that had already been prepared before accession. The same reform plans were partially revitalised at the end of 2007. They led to the publication of a civil service reform "memorandum" by the Ministry of Justice and the preparation of a major civil service reform amendment in 2008 (at the time of writing, it was not clear whether the amendment would pass). The Estonian case did therefore demonstrate reform ambition and the preparation of constructive reform plans, but these measures were not integrated into a comprehensive administrative reform programme, and it remains to be seen whether they will succeed.

**Latvia**, by contrast, adopted a public administration reform programme after accession that would cover the period from 2007 to 2013. The programme largely represented an extension of the pre-accession reform programme that covered the period from 2001 to 2006, and many external observers argued that, after EU entry, the Latvian Government lacked a vision for the reform of the civil service. Moreover, the administrative reform programme is very general and covers topics such as territorial reform, citizen orientation and e-government. Human resources management has been one area of the reform programme that has helped to keep the reform momentum after accession. In areas such as remuneration policy, for instance, this reform already led to impressive changes in 2005 and 2006. Since then, the State Chancellery has followed up the mandate of the reform programme by developing a concept for the next round of civil

<sup>10</sup> It may seem paradoxical that an anti-corruption campaign produced more politicisation in the civil service, as politicisation is commonly associated with an increase in corruption. However, the PiS-led governments argued that the replacement of personnel in the bureaucracy would break the "old boys' networks", which they considered to be the root of public sector corruption in Poland. It is doubtful that the strategy of the PiS-led governments has been successful (for a more detailed discussion, see Heywood/Meyer-Sahling 2008).

<sup>11</sup> Some of these initiatives benefited from Sigma support.

service reforms, including the ambition to establish a governmental human resources agency. The commitment to the reform of the civil service has therefore been largely sustained since accession.

The **Slovenian** record is more ambiguous. The most visible part of the post-accession reforms was arguably the establishment of the Ministry of Public Administration. The ministry has subsequently turned itself into a reform powerhouse, with an emphasis on regulatory quality, measures to enhance the citizen orientation of the public administration, reduction of administrative costs, and application of e-government tools. The management of the civil service system and of the state administration was included in the jurisdiction of the ministry, and two amendments to the Civil Service Act were prepared and passed in 2005 and 2008. The 2005 amendment in particular sought to deregulate the civil service system insofar as higher civil servants were concerned and to facilitate the politicisation of the high civil service. Most reform initiatives and amendments were subsequently not followed up by the government because most efforts had gone into preparations for the seriously delayed implementation of the Public Service Salaries Act. Civil service reform has therefore remained reactive in nature, re-introduced politicisation and was not much integrated into the wider modernisation of the public administration.

The most comprehensive administrative reforms were prepared in Hungary and Lithuania. They differed, however, in terms of their ambitions and their origins. In **Hungary**, the reform of the state was largely a political initiative of Prime Minister Gyurcsány before the parliamentary elections of 2006. The government published a general reform programme that was geared towards efficiency in the public sector and heavily inspired by new public management thinking. After the re-election of the Socialist-Liberal government in the spring of 2006, the government set up a State Reform Commission, led by the former Minister of Finance (and Minister of Justice at the time of writing) Draskovics. This commission prepared reform initiatives for the entire public sector, including the reform of the civil service. Parts of the reform programme have already been realised through a major amendment of the Civil Service Law in 2007. The most radical changes include the establishment of the Government Personnel Centre and the introduction of private sector pay methods and new recruitment techniques. Yet a large part of the programme remains unimplemented and highly contested inside the administration. Bearing also in mind the minority status of the government since May 2008, it remains to be seen how sustainable the 2007 reform will be in the future and whether it will actually lead to the desired outcomes.

By contrast, sustainability has been much more visible in the case of **Lithuania**<sup>12</sup>. The Lithuanian Government developed and adopted the “2010 Strategy for Administrative Reform”. The Strategy was prepared by the Administrative Reform Department of the Ministry of Interior, with input from the Civil Service Department. The Strategy aims to promote a system of public administration that “provides better and public interest-oriented services” and that is capable of “absorbing the experience of EU institutional, administrative and political processes”. The programme seeks to “create a transparent, result- and citizen-oriented public administration system and invest in the application of information technologies” in the public administration.

The Lithuanian civil service has a prominent place in the 2010 Strategy. The strategy concentrates on issues of administrative capacity-building through training, simplification of civil service management procedures, inter-institutional co-operation in the area of human resources, enhanced monitoring of civil service management, and improvement of the image of the civil service in society. The reform programme, which was integrated into the strategic management plans of the government, defined specific measures, identified linkages and set a timetable for reform action. The Strategy presents, to a good extent, an internal initiative of the administration, but the need for investment in the public administration is clearly recognised by the government and members of parliament. In fact, after the change of government, the Lithuanian Government has already started to explore options for modernisation that will constitute

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<sup>12</sup> Prior to accession, Lithuania took a less co-ordinated and much more ad hoc approach to civil service reform (Nakrosis 2008a).

important building-blocks for the next reform programme, which would outline a strategy until the end of 2013.

Lithuania therefore presents the most comprehensive and the most coherent approach to civil service reform among the new EU Member States. As we will see below, this is also reflected in the progress of reform that Lithuania demonstrates in other areas of civil service management. The programmatic dimension of post-accession civil service governance has been weakest in Poland, the Czech Republic and especially in Slovakia. However, these countries have also recently started to invest in the development of civil service reform programmes, which indicates that the reform of the civil service has now (re-)appeared on the reform agenda of the governments of all eight CEE countries that joined the EU in 2004.

### **3.2. *Legal Basis for the Civil Service***

This section examines the legal basis for the civil service in the CEECs. It concentrates on the existence of laws that define the legal status of civil servants. The adoption of a civil service law was one of the most important and most discussed elements of EU policy in the wider area of administrative reform in the pre-accession period. With respect to European principles of administration, a civil service law provides the basic mechanism for protecting the impartiality and promoting the professionalism of civil servants that is necessary to guarantee legal certainty as well as accountability of civil servants as individuals exercising state authority. EU policy therefore required the existence of a civil service law, stability of the law over time, full implementation of the law, and a clear definition of boundaries of the civil service vis-à-vis politics, private sector employment and potentially other forms of public sector employment.

At first sight, the CEE countries demonstrate a good fit with European principles of administration in this area of civil service governance. Seven of the eight countries (with the exception of the Czech Republic) have a civil service law in place. However, the legal basis is subject to several flaws and the trend since accession has been negative in several countries. First, civil service laws are not always fully implemented or there are gaps that are not covered by the legal basis. Second, the legal basis has been subject to a high degree of instability, in that all civil service laws have been amended often or even very often. Third, countries such as Hungary, Poland, and Slovakia have revised their laws to exclude the top layers of the bureaucracy from the civil service and to turn these positions into political appointments. The legal accountability, legal predictability and political neutrality of the civil service must therefore often be called into question<sup>13</sup>. Only Latvia and Lithuania have been able to prevent this post-accession decline and have largely maintained a high fit with European principles of administration in this area.

#### ***Defining the legal basis of civil service governance***

##### *Adoption and implementation of civil service laws*

The **Czech Republic** is the only CEE country that has not implemented a civil service law and that therefore does not meet the most basic requirement associated with European principles of administration. The Czech Republic passed a civil service law in 2002, but this law has never been implemented. The start of its implementation has been postponed several times since 2004, and most observers expect that the 2002 law will never be implemented. This view is also reflected in recent efforts to prepare a new civil service law. The reform plan has been to merge the civil service law with the law regarding public officials employed in local and regional administrations, which was also passed in 2002 and has been implemented since 2003.

Even if the Czech Government never implemented the 2002 Civil Service Act (apart from a few provisions), it has to be recognised that personnel management in the Czech Republic does not operate in a

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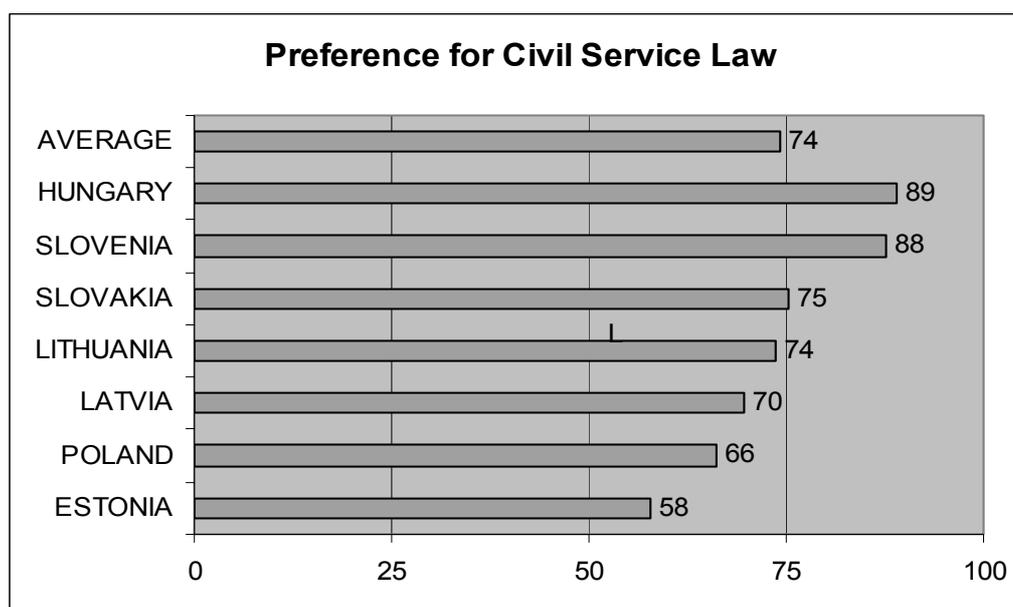
<sup>13</sup> The changes in the scope of civil service laws in Hungary, Poland and Slovakia could also be regarded as a redefinition of the politics-administration nexus. These redefinitions have nevertheless had problematic consequences for European principles, such as the political neutrality of the civil service.

legal vacuum. First, the Labour Code includes an article (art. 73) that explicitly regulates employees of the public administration. Second, since 1992 there has been a separate Salary Act, which regulates the remuneration system, which is an important area of personnel management. Third, there has been a separate Act on Conflict of Interest since 1992, which regulates officials' rights and duties. Fourth, as mentioned above, officials employed in local and regional administrations are covered by the 2002 Act on Territorial Self-Government.

In contrast to the Czech Republic, all other countries have adopted and implemented a civil service law. In **Hungary**, the 1992 Act on the Legal Status of Civil Servants applies; in **Estonia**, civil servants are covered by the 1995 Public Service Act; in **Slovakia**, the 2001 Civil Service Act applies; and in **Slovenia** the 2002 Act is in force. The other countries have experienced at least one full replacement of their civil service laws. **Lithuania** adopted a Law on Officials in 1995, which was substituted by a Civil Service Act in 1999. **Latvia** passed the first law in 1994 and replaced it in 2000 with a new Civil Service Law. In **Poland**, the Civil Service Act has already been replaced twice; the first Act of 1996 was first replaced in 1998 and then after accession in 2005.

In short, all CEE states except the Czech Republic had already met the most basic legal requirement of the European Administrative Space *before* accession, and this situation has not changed since then. The general acceptance of the principle that employees of the state administration should be covered by a separate civil service law is reflected in the attitudes of ministerial civil servants. According to the Sigma survey, almost 75 per cent of the respondents supported the statement that employment relationships of the ministerial bureaucracy should be subject to a separate civil service law.

Figure 1. "It is important that personnel management in the ministries is clearly formalised in a civil service law."



It would have been interesting to see whether Czech officials consider a civil service law relevant, since they have never experienced employment in the civil service under a fully implemented civil service law. Insights from personal interviews suggest that support for the Civil Service Act is low in some of the most important Czech ministries, such as the Ministry of Finance. Ministries have usually established their own conventions and regulations, and some ministries no longer seem to see any benefit in having a general civil service statute. At the same time, we learned that several ministries managed their personnel *as if* the Civil Service Act of 2002 were in force. This divergence in practices and views suggests that it should not be taken for granted that central government officials will wholeheartedly embrace the re-launching of general civil service reform in the Czech Republic.

*Quality of implementation*

Notwithstanding the existence of civil service laws in the CEECs and the positive attitudes of civil servants vis-à-vis civil service laws, it is necessary to add a number of qualifications. First, the quality of implementation of civil service laws has declined since accession. In **Slovenia**, for instance, the chapters on the regulation of the performance evaluation and the regulation of the disciplinary process were taken out of the Act in the context of a major amendment in 2005. Yet government decrees to replace the former legal basis have not yet been adopted, undermining the legal certainty for the civil service. In **Slovakia**, the disciplinary code was also taken out of the Civil Service Act in 2006 and no new regulation has been adopted since then. **Estonia**, to give another example, has had a major implementation gap for a number of years. The attempts to overhaul the 1995 Public Service Act have failed several times. As a result, personnel managers are effectively forced to “squeeze” the practices of today into the formal rules of the past in order to maintain the appearance of legality.

*Instability of civil service laws*

Second, the existence of civil service laws supports the principles of impartiality and legal accountability of the civil service. However, the civil service in all eight countries scores poorly in terms of “legal predictability”. All eight countries have amended their civil service laws since 2004. At the end of 2007, the Slovak civil service law had already been amended 23 times since 2002 and 13 times since accession in 2004. Similarly, the Lithuanian law was amended 36 times between 1999 and the end of 2007 (eight times since 2004). Even the Czech civil service law, most of which is not in force, has been amended several times since 2004. Most of these amendments have introduced only minor changes but, as will become clearer in the remainder of this paper, all countries except Estonia and the Czech Republic have passed at least one major amendment that significantly affected the way in which civil servants were managed. In other words, the formal rules governing civil services in Central and Eastern Europe are very unstable and, as a consequence, the predictability of civil service management is seriously undermined and arbitrary management may develop.

*Scope of civil service laws*

Third, the definition of the scope of civil service laws is not always without problems. It has been a general trend that CEE governments have opted for narrow definitions of the civil service, as the scope of the civil service law is largely restricted to officials who exercise state authority. By contrast, employees in the wider public sector – for example, in education, health, and the armed forces – are subject to separate legislation. However, the scope of the various civil service systems is subject to ambiguities in several countries, such as Slovenia and Poland. The Polish situation is noteworthy, as the law distinguishes tenured, nominated civil servants and “civil service employees”, who are within the scope of the civil service law but otherwise subject to ordinary labour law contracts. Yet the number of nominated and thus full-fledged civil servants stands currently at five per cent of the overall civil service. This means that legal accountability of the civil service is ensured but that many of the management regulations to be discussed below apply to only a very small proportion of officials.

The problems of congruence with European principles of administration do arise with regard to the definition of the relationship between politics and administration. In the three **Baltic States**, the highest civil servant is at the first hierarchical level below the level of minister. Moreover, advisory positions are defined, but the number of advisory staff is usually small. By contrast, the other countries insert one or several layers of political appointees between the level of the minister and that of the highest civil servant.

In **Slovenia**, there are one or two politically appointed state secretaries between the minister and the directors general, who are the highest civil servants. In both Hungary and Slovakia, there are two levels of political appointees. In **Hungary**, one or two senior state secretaries and several specialist state secretaries stand at the apex of the ministerial hierarchy, above the heads of department, who are the highest civil servants. Hungary has formal ministerial cabinets, but the size of the cabinets can reach between 20 and 30 staff, with the head of the political cabinet playing an increasingly important role in the management of

ministerial departments. In **Slovakia**, there are one or two state secretaries and one head of service office, while directors general, as the third level in ministries, are classified as the highest civil servants. In **Poland**, the boundary is placed even lower in the hierarchy, as one or two state secretaries, several undersecretaries, one director general, and a large number of directors of department and deputy directors of department are nominally all political appointees. As a result, the head of unit is effectively the highest civil servant in Poland. Finally, in the **Czech Republic** there is no formal boundary between politics and administration because there is no civil service law. Informally, a boundary can be drawn below the level of the deputy minister, as directors of sections and directors of departments tend to be semi-political appointments.

The formal depth of politicisation implies that many of the top officials who have a central role to play in the exercise of state authority are in fact not subject to the civil service law. This state of affairs weakens the accountability of the civil service and undermines the principles of professionalism and political neutrality. Moreover, it is remarkable that several countries have shifted the boundaries between politics and administration further down the ministerial hierarchy by turning formerly top civil servants into political appointees. This was the case in **Hungary** when the positions of administrative state secretary and deputy state secretary were re-labelled and turned into political posts, in **Slovakia** when the head of service office was transformed into a political appointee, and above all in **Poland** when the posts of the three types of directors were formally turned into political positions<sup>14</sup>. These developments can be considered as a simple redefinition of the politics-administration nexus. However, they have to be classified as a move away from European principles of public administration.

In summary, the general quality of the legal basis of civil service governance has actually declined in several countries, such as Hungary, Poland, Slovakia and Slovenia, and it has remained problematic in Estonia and in the Czech Republic. This trend raises critical questions with regard to the effective institutionalisation of the principles of legal certainty, accountability, impartiality and predictability in the new Member States.

### **3.3. Central Co-ordination and Management of the Civil Service**

This section examines the central structures that are responsible for the management and co-ordination of civil service policy. In particular, Sigma assessments have emphasised that a central institution with a consolidated position and sufficient powers for the co-ordination and control of civil service policy is a critical ingredient for ensuring the compatibility of CEE civil services with European principles of administration. This perspective reflects the importance of central management structures as mechanisms to ensure the legal predictability of civil service policy and the fair and equal treatment of civil servants across all government institutions. Capable central management structures are usually also necessary in order to develop the reform of the civil service, to manage the preparation of reform legislation, and to set human resources management standards.

This domain of civil service governance is characterised by a high degree of diversity across countries. There is no singular CEE model of civil service management. Central management institutions can be found in prime minister's offices and chancelleries, in ministries of interior, finance, labour and justice, and in special ministries of public administration. With regard to European principles of administration, we can indeed identify at least one central body in each CEE country that has some overall responsibility for civil service affairs. However, the current management capacity is weak in the Czech Republic and Slovakia. In Estonia, central management capacity is undermined by the fragmentation of authority across several institutions. In Poland, Hungary and Slovenia, central management structures are subject to

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<sup>14</sup> In Poland, it was planned, at the time of writing, to re-insert directors general, directors of departments and deputy directors in the scope of the civil service. This would mean a reform U-turn to the pre-2006 arrangement.

instability and uncertainty. Only Lithuania and to a lesser extent Latvia have developed and maintained stable and capable central civil service management structures since EU accession in 2004.

***Diversity in the administration of the civil service***

Post-accession sustainability in this area of central civil service management has been a cause of concern in at least Slovakia, the Czech Republic and Estonia. The **Czech Republic** has effectively never had a unified, central civil service management authority, primarily because the Czech Republic never implemented a civil service law. After the passage of the Civil Service Act in 2002, the Czech Government established the General Directorate for the Civil Service in the Government Office. The General Directorate would have become a relatively powerful central civil service office, but it never became fully operational because the government never appointed a head of directorate. Instead, the General Directorate was abolished in 2005. Currently, the Ministry of Interior is responsible for the preparation of the next civil service reform, but it has no other functions in the area of personnel management that could help to set homogeneous management standards and to co-ordinate personnel policy across institutions. As a result, personnel policy has been applied sector by sector and differs considerably across ministries.

**Slovakia** is the other country with a major gap in terms of civil service management. Slovakia used to have a civil service office that was the strongest in the region. The Civil Service Office not only played a standard role in the management of reform and in the control of implementation, but it also had far-reaching powers in recruitment, examination, selection and evaluation, as well as in the control of staffing and personnel costs (cf. “systematisation”). The many powers of the Civil Service Office may have contributed to its downfall, as they interfered too much with the traditional role of ministries and above all with the role of the Ministry of Finance.

Since the abolition of the Civil Service Office, civil service management in Slovakia has officially returned to the Ministry of Labour, where it was located before the implementation of the Civil Service Act in 2002. However, the unit in the Labour Ministry – the Civil Service Department – consists of fewer than seven persons, and for the first year after the disbandment of the Civil Service Office it consisted of only three persons, none of whom had been transferred from the Office. The Civil Service Department therefore lacks the capacity to prepare civil service reform or to control the implementation of the Civil Service Act. For the time being, the legacy of the Civil Service Office is still discernible, as several former regulations have remained in place, just as former management techniques are still in use. However, the disintegration of the civil service and heterogeneity in terms of management practices are rapidly increasing.

The personnel unit in the Government Office is in a better position to co-ordinate civil service policy in Slovakia. Officially, the Government Office is responsible for “nominated civil servants”, who are very few in number and responsible for a few minor horizontal personnel management tasks. An important function has nevertheless emerged from a regular meeting of heads of service offices, who also act as personnel directors in ministries. This meeting, which is chaired by the Head of Service Office of the Government Office, has started to serve as a sounding board and forum for the co-ordination of personnel policy and the preparation of the next civil service reform. The prospects of restarting the reform of the civil service will largely depend on the Government Office and on the ability of the Government Office to gain support for the reform from other heads of service offices.

**Estonia** is the third country with problems of management, but the concerns do not result from a lack of capacity but from a fragmentation of authority over the management of the civil service among several institutions. This problem is not new but has persisted ever since the adoption of the Public Service Act in the mid-1990s. The home of the civil service is the Public Service Department in the State Chancellery. However, the State Chancellery lacks essential powers, including the power to prepare and draft a new Public Service Act, to draft secondary legislation, and to control the implementation of the law. Insofar as implementation control is concerned, the State Chancellery acts as a consultant rather than a controlling institution. In fact, the State Audit Office has occasionally emerged as a controlling institution – for

instance, when evaluating the performance-related pay system after it was introduced in the early 2000s – but its control activities cannot go beyond random checks.

With regard to the authority to prepare and draft new legislation, the State Chancellery in Estonia has no more than a consulting role, as this power rests with the Ministry of Justice. The official reason behind this division of labour results from the (constitutional) restriction that the State Secretary, who is the head of the State Chancellery, is not allowed to initiate legislation in parliament<sup>15</sup>. In addition, it is important to note the role of the Ministry of Finance in co-ordinating and controlling civil service management in the area of remuneration policy. As a result, civil service management in Estonia lacks the capacity to bring about uniform standards and practices across administrative institutions. Not surprisingly, many insiders and external observers argue that Estonia has not one but many civil service systems, as each ministry has developed its own approach to personnel management. In this regard, there are some striking similarities between Estonia and the Czech Republic.

At first glance, **Poland**'s post-accession trajectory is very similar to the Slovak case, as the independent Civil Service Office was dismantled in 2006. In contrast to Slovakia, Poland was able to prevent the emergence of an institutional vacuum in the area of central civil service management. After the 2006 reform, civil service management was divided into two departments within the Prime Minister's Office. The Civil Service Department took over most of the functions of the former Civil Service Office, including reform management, implementation control, and the preparation and co-ordination of central training. However, the exclusion of directors' positions from the scope of the civil service and the establishment of a State Staffing Pool from which directors would have to be selected led to the creation of a second department, dealing exclusively with the management of the State Staffing Pool.

Even though the Polish Government prevented the emergence of a gap in terms of civil service management, it is important to recognise that the Civil Service Office used to have around 100 staff, while the Civil Service Department, as the nominal successor of the Office, had less than one-third that number. The majority of the staff of the new department had gained experience in the former Civil Service Office and most of the redundant staff were transferred to other central government ministries and agencies, with the result that Poland did not experience any major loss of civil service-specific expertise, as had Slovakia. Nonetheless, the reform of 2006 was followed by a period of major uncertainty, which largely paralysed civil service management for well over a year.

The government that was formed after the elections in the autumn of 2007 addressed this issue by integrating the Department of the State Staffing Pool into the Civil Service Department<sup>16</sup>. While this restructuring has restored the capacities for action in the area of civil service management, the future institutional set-up in Poland remains open. Current discussion centres on the re-establishment of a scaled-down version of the former Civil Service Office or the establishment of a Civil Service Department with a greater amount of institutional autonomy and headed by a secretary of state within the Prime Minister's Office.

Change and uncertainty concerning the authority to manage the civil service have recently also been the main features of the **Hungarian** set-up. As from the mid-1990s, civil service management authority was mainly located in the Ministry of Interior, but the Prime Minister's Office usually shared some competencies with regard to the development of reform guidelines. Following the re-organisation of the government in 2006, civil service affairs were moved entirely to the Prime Minister's Office.

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<sup>15</sup> It does not require much imagination to realise that this justification has served many institutions and many political actors very well, as it has allowed them to keep the Chancellery in check.

<sup>16</sup> The reform plan was to abolish the entire State Staffing Pool Department and to integrate the staff members of this reserve pool within the scope of the civil service.

The responsibilities of the Prime Minister's Office were increased in 2007 with the establishment of the Government Personnel Centre (KSZK). The Government Personnel Centre was built on (and is housed in) the former Hungarian Institute of Public Administration, which was responsible for undertaking research on public administration and for the preparation and conduct of civil service examinations. The 2007 reform moved the research function to other institutes, while giving the new agency a major role in the recruitment and training of civil servants. Most of these measures are still under preparation. However, the Government Personnel Centre has already set up a central job bank for the advertisement of vacancies, has started to get involved in the pre-selection of heads of department, and is currently setting up an examination system that is, interestingly, comparable to the French and European Union *concours* systems.

It remains to be seen whether this ambitious plan in Hungary for a proactive government personnel agency can be fully realised in the future. The minority status of the government since the spring of 2008 has introduced considerable uncertainty into reform plans. Line ministries show only hesitant support for the reform, as they are reluctant to give up their autonomy in terms of the recruitment and screening of candidates. Moreover, the departmental structure in the Prime Minister's Office has undergone several changes at the leadership level. The State Secretary, who was the main instigator of the civil service reform of 2007, left the civil service and returned to the private sector, and several of the "older" senior officials, some of whom had 15 and more years of experience in civil service management, left the Prime Minister's Office in opposition to the new reform measures. At the time of writing, there was a lack of clarity over who would be in charge next and what would be the organisational set-up in the near future.

After accession, **Slovenia** also experienced major changes with regard to its central management structures. After the elections in 2004, the new government established a Ministry of Public Administration to be in charge of all matters pertaining to administrative reform and management, including civil service management. The responsible unit in the ministry is headed by a director general and is well staffed. It deals with the civil service system, the organisation of the state administration, the management of administrative reform, including civil service reform, and the control and inspection of civil service management. It organises the central advertisement of job vacancies, maintains the register, plays a major role in dealing with civil servants' complaints and appeals, and develops training plans.

Civil service management structures in Slovenia were previously under the jurisdiction of the Ministry of Interior. The Council of Officials, which is responsible for senior personnel selection, was moved from the Government Office to the new Ministry of Public Administration<sup>17</sup>. The current institutional set-up therefore has the potential to provide strong leadership in civil service reform and management. The new ministry was created under the centre-right Janza government. It continued its work after the most recent change of government in the autumn of 2008.

The two most stable and most capable institutional set-ups can be found in Latvia and Lithuania. In **Latvia**, changes have also occurred in recent years, but they show a gradual and incremental shift of authority from the civil service office-like Civil Service Administration to the State Chancellery. The State Chancellery is currently responsible for the development of reform guidelines, the drafting of reform legislation, and the development of training plans, in co-operation with the Latvian School of Public Administration.

Both the Civil Service Administration and the department in the State Chancellery are under the leadership of the Prime Minister, but the relations between the two institutions are not without tensions. The Civil Service Administration enjoys only very limited support from line ministries because its role is seen as interfering with ministerial affairs and as undermining the autonomy of line ministries. Most of the institutional changes over the last ten years, including its role in reform development and its participation in the examination procedure and in the selection of personnel, have weakened the Civil Service Administration, while reinforcing its image as a "control institution" rather than a "service provider" for line ministries. Against this background, consideration is now being given to integrating the Civil Service

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<sup>17</sup> The Council of Officials is an independent body founded on the basis of the Civil Service Act.

Administration into a new governmental human resources agency, which would deal with the central implementation of several personnel functions and could resemble the Hungarian Government Personnel Centre.

The most stable and the most potent structure for the management of the civil service has emerged in **Lithuania**. The Civil Service Department under the Ministry of Interior was established at the end of 2002. It emerged out of the former Ministry of Public Administration Reform and Local Authorities, which was abolished in 2001; the functions in the area of civil service were then transferred to the Ministry of Interior. The Director of the Civil Service Department is directly accountable to the Minister of Interior. The department consists of more than 40 staff, who are assigned in several units dealing with reform development, control, register, training development, and recruitment policy, including the management of vacancies, preparation and management of examinations, and participation in selection committees. The Civil Service Department works closely with the Public Administration Reform Department in the Ministry of Interior. The need for co-ordination between the two departments has been reduced, however, since the Civil Service Department was recently given the authority to develop and draft new initiatives in the area of civil service reform. Over the last few years, Lithuania has therefore developed the most unified and the most stable management structure in the region.

### **3.4. *Open Competition***

This section and the next two sections deal with the recruitment of civil servants. This section, which starts with the examination of the system for open competition, concentrates on the compulsory and comprehensive advertisement of job vacancies in the civil service as a core instrument associated with European principles of public administration<sup>18</sup>. Open competition complements the concept of merit recruitment and supports the principles of professionalism and effectiveness by reaching more potential applicants for civil service jobs and thus potentially better applicants. It also seeks to ensure the fair and equal treatment of all applicants and thus to overcome informal and non-transparent recruitment practices, which often lead to favouritism and poor quality staff. To analyse this domain, we examined the requirements for compulsory advertisement, the actual practices of open competition, and the attitudes of civil servants towards the principle of open competition.

Post-accession sustainability in the eight CEECs has been very positive in this area of civil service governance. All countries (except the Czech Republic) have institutionalised compulsory open competition. The good fit with European principles is also reflected in the day-to-day practices of civil service management, and it is widely supported by civil servants in the CEECs. As we will see, the domain of open competition scores higher than all other domains of civil service governance with regard to the fit with European principles of administration.

#### ***Institutionalisation of open competition***

By 2008, all countries except the Czech Republic had established the compulsory public announcement of vacancies in the civil service. The **Czech** exception is largely the result of the lack of a civil service law. Yet the Czech Republic is not really exceptional when it comes to the actual practice of recruitment, as job vacancies are mostly advertised, even if this practice is not mandatory. Interestingly, the practice in the Czech Republic suggests that the more senior the vacant position is located in the ministerial hierarchy the less likely are advertisements to appear. Hence, at the level of director and, above all, deputy minister, advertisements are unusual.

**Hungary** was the last country among the other seven countries to introduce compulsory advertisements in 2007. Prior to this amendment to the civil service law, it was only compulsory to announce competitions

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<sup>18</sup> The concept of open competition is of course broader and includes issues related to examination and selection. We will discuss these issues in the next section.

for the position of head of department if no internal candidate could be recruited. Yet, as in the Czech case, it was typical in Hungary that vacant jobs in the wider ministerial structure would be publicly advertised. In all of the other countries, by contrast, advertisements have been mandatory for a very long time. In Slovenia, for instance, it has been required to advertise jobs since the adoption of the Act on State Workers, which was adopted in 1990 and preceded the 2002 Civil Service Act.

The high degree of fit with European principles of administration is well reflected in the results of the Sigma survey. Almost 75 per cent of all respondents indicate that vacant jobs are advertised before a new official is appointed. The differences between the countries range from 86 per cent in Lithuania to 54 per cent in Hungary. The relatively low value for Hungary can be explained by the very recent institutional change. In fact, this low value suggests that public advertisements of vacant positions were already a more or less established informal practice before they were made mandatory by the civil service law.

*Figure 2. "Vacant jobs are publicly advertised before anyone is appointed."*

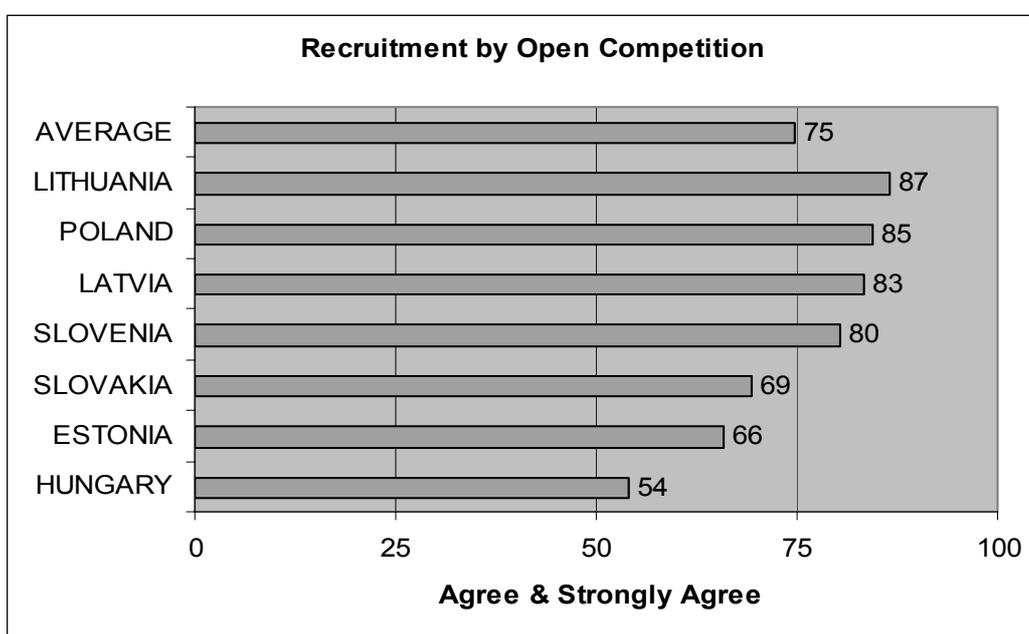
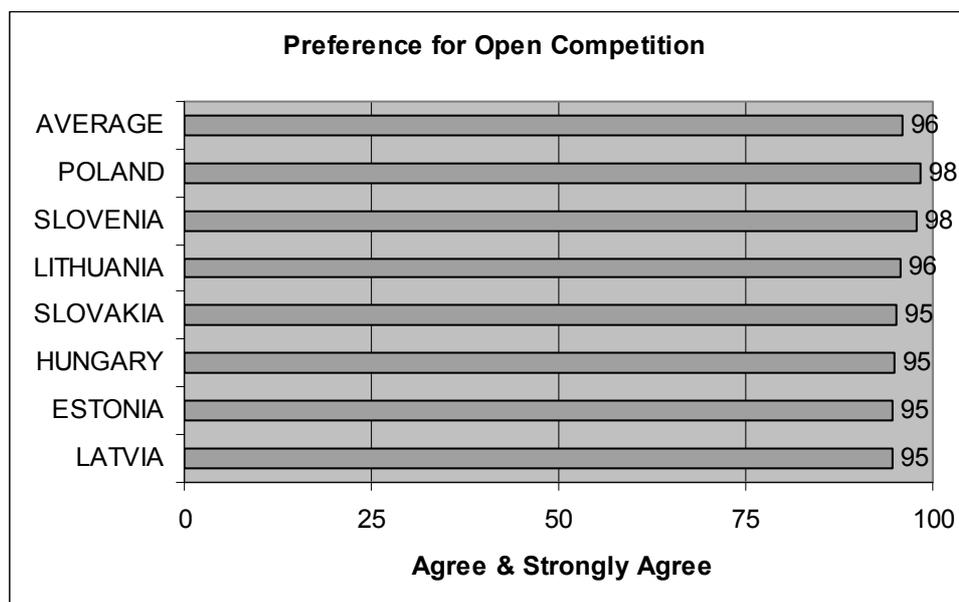


Figure 3. "It is desirable to publicly advertise job vacancies in the ministry."



The fit with European principles is even greater when considering civil servants' preference towards open competition. With an average of more than 95 per cent and a very small range from 94 to 98 per cent, it can be concluded that the notion of open competition is very widely and deeply accepted in CEE administrations and, conversely, that the violation of open competition by civil service managers is likely to be viewed in a very critical way by civil servants. In short, open competition – understood narrowly as the advertisement of job vacancies – has now been widely and deeply institutionalised in CEE civil services.

### 3.5. *Systems of Entrance Examinations and Candidate Selection*

This section analyses the systems of entrance examination and candidate selection. They typically include written exams at the point of entry and oral exams in the form of personal interviews before an independent selection commission. Entrance examinations address several European principles of administration. They directly concern the principles of effectiveness and professionalism, as they serve to screen out competent candidates for the civil service. Regulated and standardised entry examinations also play an important role with regard to the fair and equal treatment of civil service candidates. Examination systems are therefore commonly used as a key indicator for "merit recruitment" as opposed to recruitment based on favouritism and political patronage. For the analysis, we thus looked at the existence of compulsory written exams, the actual practice and effectiveness of these exams, the regulation of oral exams, the political independence of selection commissions, and the general attitudes of civil servants towards examination systems.

In contrast to the area of open competition, CEE civil services score poorly with regard to the quality of their examination systems, and the trend since accession has been negative in most countries. Only Lithuania has an examination system that, by and large, fits European principles of administration. The other countries have either never had standardised examinations, abolished them during the post-accession period, or are currently planning to do so. The low fit with European principles is reflected in the actual practices of civil service management and, to a lesser extent, the low level of acceptance among civil servants. The assessment for entry into the civil service is therefore typically made on the basis of personal interviews, but the formal-legal conditions for the standardisation of oral assessments tend to be low and the political independence of selection committees can only be ensured in the three Baltic States.

### ***The decline of standardised examination systems***

#### *Written examination systems*

Only the examination system in **Lithuania** comes close to “compatibility” with European principles of administration. Here a written exam is compulsory for all applicants. The exam has multiple-choice format and consists of two parts. Half of the questions tests general and legal knowledge; this part is set centrally by the Civil Service Department. The other half is job-specific and is set by the ministry seeking to recruit a new civil servant. Candidates’ results are scored and ranked before they are interviewed by a selection commission.

Yet even the Lithuanian case is not without problems. In particular, the exam has been criticised as being too easy because the questions set by the Civil Service Department are made available on the Internet. Moreover, it is doubtful to what extent the exam effectively checks the intellectual capabilities of candidates since it does not assess candidates’ competencies and analytical skills. As a result, some argue that the main value of the examination system is a symbolic one. At the same time, it has to be recognised that the system is relatively easy to operate, thereby combining flexibility at the recruitment stage with a higher degree of legitimacy than recruitment systems that have no written exam requirement at all.

The other seven countries under study have fewer screening mechanisms in place. **Slovenia** had an examination in place until recently that was more concise than the exam in Lithuania; it was centrally administered, was taken before an independent certified examination commission, concentrated on legal knowledge but was more comprehensive than the Lithuanian version and required, as interviewees explained, at least four to six weeks of solid preparation in courses offered by the Administration Academy. Initially, the examination was not easy, as no more than 50-60 per cent of the candidates passed the exam on the first attempt. It is important to note, however, that the examination was taken within one year *after* appointment to the civil service. It can therefore be better seen as “initial training” rather than as a screening device (see below, section 2.7).

In Slovenia the written exam was disliked by many civil servants, especially by young officials, who found it too bureaucratic and not very relevant in terms of content. The most recent reform of 2008 abolished the examination system and replaced it with compulsory training, to be taken at various stages of one’s career. As a consequence, Slovenia has effectively abolished the system of standardised exams for entry into the civil service.

The **Hungarian** set-up is similar to that of Slovenia, as civil servants have to pass an exam within one year after their appointment. In addition, there is a specialised exam, which is compulsory at a later stage of the career. This system is about to be phased out. The Government Personnel Centre is currently preparing for the establishment of a *concours*-like system at the point of entry. It is also planned to test skills beyond legal knowledge. For the time being, it remains to be seen whether the new exam system will ever be launched. It looks unlikely that it will be introduced in 2009, as was originally planned.

The only countries, apart from Lithuania, that still have an exam before appointment to the civil service are Poland and Slovakia. In both cases, however, the examination system is weak, and in **Poland** it is about to be abolished, except for officials who wish to obtain the status of “nominated civil servant”. In Poland, a qualification procedure is compulsory for all officials who want to be nominated, tenured civil servants. Prior to 2006, a nomination was a precondition for appointment to a position as director, which meant that all directors were expected to have followed a rigorous examination procedure. This requirement changed in the course of the 2006 reform, when nominated/tenured civil servants became part of the State Staffing

Pool; they could be picked by appointing ministers, but senior positions were no longer reserved for them<sup>19</sup>.

Admission to the State Staffing Pool required the successful passing of an exam. The exam lasted one day and was administered at the National School of Public Administration (KSAP). Approximately 50 per cent of the candidates passed the first round of exams. Failures were mainly the result of the language test that was part of the exam. As mentioned above, the State Staffing Pool was first integrated into the Civil Service Department and it is now planned to abolish the pool, which implies that the present examination requirement will disappear. Exams will therefore be limited to the group of nominated civil servants, but as this group does not make up more than 5 per cent of the entire civil service, it could be suggested that the passage of an exam is the exception and not the rule in Poland.

**Slovakia** has gone through a similar development. In fact, there were several types of examinations before 2006. First, since 2002 it has been compulsory to pass an exam at the entry level as part of the “selection procedure”. Second, a “nomination examination” was required for all officials. It was initially administered by the Civil Service Office and later delegated to the ministries (2003). This kind of exam was used as part of the recruitment procedure but it was also conceived as a “health check” for officials who were already employed in the ministries but who had to pass through the transition procedure before becoming permanent civil servants. This exam was widely disliked and it was abolished in 2006. The third exam was a “proper nomination examination” for officials to become tenured civil servants, comparable to the Polish solution; this exam has never been fully operational. There are only five tenured civil servants in Slovakia, and it is planned to abolish the system in the near future. Finally, “fast-track” recruitment exams still exist but they are not used.

What remains today in Slovakia is therefore the “selection procedure”, which includes a written examination. The exam is still regulated by a decree of the former Civil Service Office, but there are no longer any controls and inspections of the selection procedure. The content and conduct of the exams are at the discretion of the ministries. With the heads of service office as the responsible personnel managers, the exams are effectively under the control of an official who has recently been (re)converted to the status of political appointee. Correspondingly, the effectiveness of the entry exam is limited. While exams are taken, there have been reports that questions are tailored for particular applicants or that questions are communicated in advance. It is only in the psychological test where candidates are said to run the risk of slipping up. At the same time, there is no interest in abolishing the exam procedure. The exam is accepted as a general element of the recruitment procedure, which contributes to the legitimacy of recruitment decisions.

The remaining three countries have no requirements for exams. In **Estonia** and **Latvia**, exams are not mentioned in the civil service law, and the absence of a civil service law in the **Czech Republic** means that there is no requirement there either. Yet in all three countries exams are occasionally used by civil service managers in the context of the selection process.

In fact, in the personal interviews carried out in the eight new Member States, it was generally observed that examinations were regularly developed and set by recruiting managers, regardless of formal-legal requirements. These exams are not standardised but are purposely developed to screen the skills and knowledge of applicants. In other words, exams are used to increase the effectiveness of the civil service by devising procedures that help to screen for competence. By contrast, the principles of legal accountability and equal treatment are poorly met by the status quo in the majority of countries.

The differences in institutional set-up are well reflected in the responses to the Sigma survey. With regard to the actual practices of civil service management, the survey results show that Lithuania stands out as the

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<sup>19</sup> Under this system, if a nominated civil servant were appointed to a position as director, he/she was considered to be officially on leave of absence from the civil service but could return to the civil service once the appointment was terminated.

country that widely uses written exams in the recruitment process. Written examinations are also widely used in Slovakia. The data reflects well the former legal basis, but it cannot show here that the quality of the examination system has deteriorated in many ministries. The survey responses also show that candidates in Hungary and Slovenia are usually not tested *before* their appointment, which reflects the legal requirement to take an exam some time *after* joining the civil service. At the same time, the figures indicate that at least some civil service managers take advantage of the possibility to organise compulsory written examination in order to supplement the oral examinations. This legal possibility is taken up more frequently in Slovenia than in Hungary.

Figure 4. “New recruits take a written examination to test qualifications before taking up their job in the ministry.”

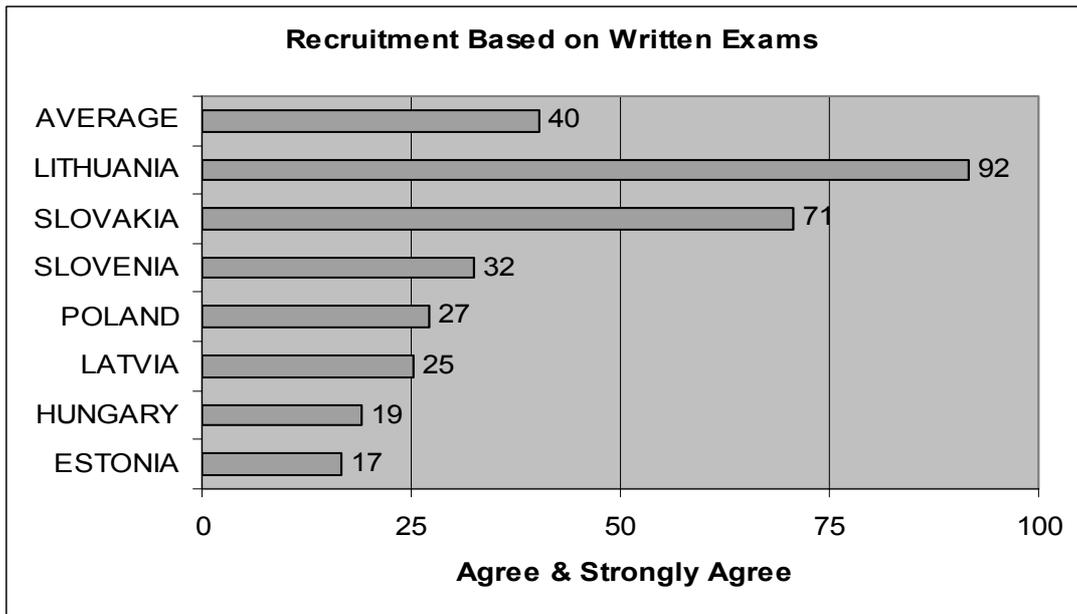
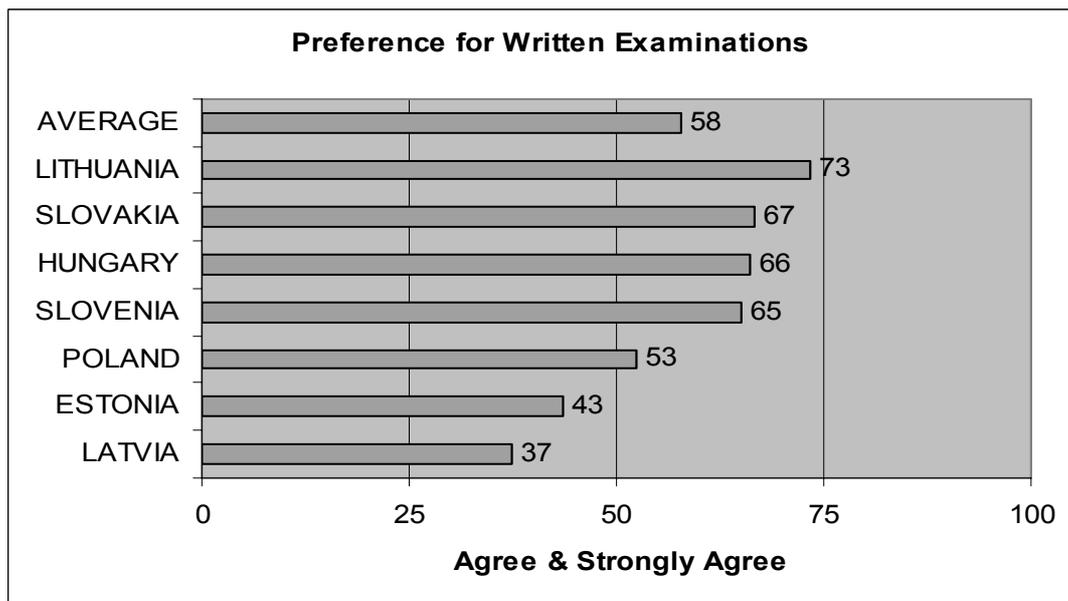


Figure 5. “It is desirable that candidates for vacancies in the civil service pass a written examination to test their qualifications before taking on their jobs.”



Moreover, the survey responses indicate that the overall support for written examination systems is at best at an intermediate level. The institutional basis is most accepted in Lithuania and Slovakia, while the differences between actual practice (see Figure 4 above) and the preference of civil servants (Figure 5 above) is greatest in Hungary, Slovenia and Poland. Civil servants in Latvia and Estonia quite obviously do not consider it problematic that written examination systems are not in use, as they show the least interest in the use of such examination methods. The survey results also show that the attitudes of civil servants differ greatly when comparing their overwhelming support for open competition against their modest support for written examinations as a selection instrument.

#### *Interviews and selection commissions*

When written examinations are less relevant for the selection of candidates, the burden of proof falls mainly on the oral part of the examination. Not surprisingly, **personal interviews** are therefore the most common method of testing the quality and suitability of candidates for positions in ministries. The challenge for the use of personal interviews results from the difficulty to guarantee the fair and equal treatment of all candidates. Most countries do not have a special government regulation in place that would establish clear rules for the conduct of personal interviews. In Lithuania, the Constitutional Court ruled that the oral examination procedure violated the principle of transparency and urged the government to regulate the oral part of the examination in such a way that it would minimise the potential for favouritism.

When examination procedures are relatively under-regulated and when personal interviews are the key instrument for the selection of candidates, it is especially relevant to look at the persons who have been delegated the authority to take the actual selection decisions. Accordingly, Sigma assessments placed emphasis on the existence of **selection committees** and on a minimal role for ministers and political appointees in the selection of civil servants in order to promote professionalism and the political neutrality of the civil service.

The legal requirement to establish selection committees is widespread in the CEECs. The exception is the **Czech Republic**, as there is no civil service law that could make such committees compulsory. However, with regard to the selection of non-managerial staff, there are generally no major differences between the countries. Most typically, the manager who has a vacancy to fill in his/her department is the person who initiates the selection process and is later the one whose opinion matters most when it comes to the actual selection of candidates.

Selection committees usually consist of three to seven persons. The standard set-up includes a head of department, the relevant head of unit and a representative of the personnel department. Some countries, such as **Lithuania**, have up to seven members on selection committees. These committees would then include other senior officials, such as deputy state secretaries, but they could also include representatives of the central civil service departments, external experts and representatives of trade unions. In Lithuania, the members of selection committees are drawn from a list that exists for individual ministries. In most other countries, there is a lower level of regulation for the establishment of selection committees.

At the same time, there are important differences with regard to determining “who” is responsible for the establishment of selection committees. The basic difference lies between countries that delegate this power to a senior civil servant and countries that delegate it to a political appointee. In **Estonia, Latvia and Lithuania**, the state secretary or secretary general, as the highest civil servant, officially appoints the selection committee or approves the composition of the committee. By contrast, in **Hungary, Poland and Slovakia**, this power is formally delegated to a political appointee. In all three countries this arrangement was introduced after EU accession, when administrative and deputy state secretaries in Hungary, directors general in Poland, and heads of service offices in Slovakia were turned into political positions. This change reflects the growing pressure of politicisation in these three countries. **Slovenia** differs from the other countries insofar as the minister is officially responsible for the establishment of selection commissions as

well as for the subsequent selection and appointment of commission members<sup>20</sup>. In practice, these powers are typically delegated to directors general or personnel directors, and ministers only take interest in the selection of senior staff. In summary, the average fit of examinations and selection systems in the CEECs is low, and only the three Baltic States have been able to prevent a decline in this area since accession.

### **3.6. *Management and De-politicisation of the Senior Civil Service***

The senior civil service at the apex of the administration has a central role to play in the dissemination of European principles within the civil service (Sigma 1998, 1999). EU Regular Reports and Sigma assessments therefore placed great emphasis on the professionalisation and political neutrality of the senior civil service in the CEECs. In order to achieve the de-politicisation of the senior civil service, European principles and EU policy aimed to reduce (and minimise) the possibilities for the exercise of political discretion over the selection and appointment of senior staff in the state administration. For the analysis, we therefore examined the extent to which the selection rules for the selection of senior officials can ensure the political independence of appointees, the actual depth of politicisation in the ministerial bureaucracy, and the attitudes of civil servants towards promotion based on political criteria as opposed to meritocratic criteria.

The rules and procedures as well as the actual practices for the selection of senior officials represent an important element of variation between the eight CEECs. The senior ranks of the ministerial bureaucracy are politicised the least in the three Baltic States. Slovenia and the Czech Republic, despite the latter's lack of civil service legislation, represent an intermediate group. The senior bureaucracy in Hungary, Slovakia and especially Poland are the most politicised. Since EU accession the politicisation of the senior bureaucracy has increased in Slovenia, Hungary, Slovakia and Poland. It has remained stable in the Baltic States and, with qualifications, in the Czech Republic. It will become evident that for this domain of civil service governance the attitudes of civil servants are relatively more aligned with European standards than are the formal rules and actual practices of personnel policy concerning senior officials.

#### ***The re-politicisation of the senior civil service***

**Estonia** has the least politicised formal process for the selection of senior ministerial staff. The selection of secretaries general is prepared by the Competition and Evaluation Committee of Higher Public Servants, which is located centrally in the State Chancellery. The initiative for the selection process is taken by ministries, but the process is largely managed by the State Secretary of the State Chancellery, who is also the chair of the central Competition Committee. The State Secretary set up a selection panel consisting of senior officials, representatives of various administrative institutions, agencies and trade unions, and independent experts. There is usually one representative of the ministry that is seeking the appointment of a new secretary general, but there is no political representation on the panel. In the process, candidates are interviewed and have to develop a work programme for the ministry in which they are seeking appointment. The committee can subsequently propose one, two or more candidates to the minister, who has the right to choose between them. The minister then proposes his choice to the cabinet for formal approval.

Ministers have a role at the end of the selection process, but the pre-selection by civil servants and external experts and the central management of the process reduce the potential for choosing a candidate whose main qualification would be his/her political loyalty to the minister and the minister's party. This does not mean that political influence is impossible. In the first stage of the selection process, there is an interview within the ministry that is seeking to recruit a new secretary general. This provides the ministry with an opportunity to communicate its preferences to the central Competition Committee. In addition, the ministry

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<sup>20</sup> In Slovenia the minister is responsible for the establishment of selection commissions in the ministry, whereas for other institutions the authority is delegated to the director of the Government Office, the director of a body affiliated to a ministry, the head of an administrative unit, or the head of any other state body.

has one representative on the competition panel, and this person can act as a quasi-representative of the minister. After all, ministers can still veto the proposal of the Competition Committee and appoint an acting secretary general for a limited period of time.

As a result, several observers from inside and outside the ministries have argued that “ministers can usually get what they want”<sup>21</sup>. An important function of the Competition Committee is therefore to prevent the most obvious politicisation of the civil service by ensuring transparency in the selection process and by legitimising the choice of the highest civil servants in the ministries. The dynamics of the selection process also show that the largely non-political Competition Committee would undermine its own legitimacy towards the government and the ministers if it failed to take into account ministers’ preferences. A degree of flexibility and adaptability in Estonia can thus be seen as one of the secrets of the success of the central Competition Committee.

The selection procedure of directors general in **Slovenia** comes closest to the Estonian set-up. When comparing Slovenia and Estonia it must be said at the outset that the top position in Slovenia, the post of state secretary, is a political appointment made by the government, and the post of director general is two levels below that of the minister. In Slovenia, eligible candidates for the posts of directors general, secretaries general, directors of government offices, directors of bodies affiliated to the ministries, and heads of administrative units are examined and selected by the Council of Officials. The Council was initially located in the Government Office, but it was moved to the Ministry of Public Administration after the 2005 amendment of the Civil Service Act. The Council consists of 12 members. Three members are appointed by the President of the Republic from among experts in the public sector. Higher officials elect by secret ballot three members from their own ranks. Two members of the Council are appointed by the trade unions of professions in the public administration, and four members are appointed by the government upon the proposal of the Minister of Public Administration. The Chair of the Council of Officials is elected by the members of the Council. At the time of writing, the Chair was held by the State Secretary (a political appointee) from the Ministry of Justice<sup>22</sup>.

Special competition commissions are established to determine which candidates are suitable for the position in view of their professional qualifications. The individual competition commissions are made up of at least three members, including one member from the Council of Officials, one from the ministry, and expert(s) from outside the state administration. Following oral examinations, the commission establishes a list of “suitable” and “unsuitable” candidates. The list of suitable candidates may consist of one, two or more candidates. Subsequently, the minister may choose from this list but may also disregard the list if he/she so desires. As a consequence, the dynamics of selection in Slovenia work in a similar way to those in Estonia in that the minister has the final say and can usually influence the decision in the way in which he/she most desires.

The important difference between Slovenia and Estonia results from the *actual* depth of politicisation. In Estonia, there are, in practice, very few political appointees in the ministerial bureaucracy apart from a small number of advisors, while the secretary general is de facto situated in a grey area between politics and the permanent civil service. In Slovenia, by contrast, the first level below the minister, the state secretary, is clearly political. Moreover, the selection procedure for directors general, secretaries general, directors of government offices, directors of bodies affiliated to the ministries, and heads of administrative units has had only limited effects on the actual practice of politicising this level in the ministries. After the 2004 change of government, there has been considerable politically motivated turnover at the level of directors general. The Council of Officials may have been able to prevent the most obvious politicisation

<sup>21</sup> For a discussion of the relation between parties and the state and the possibilities for political parties to make appointments to the central, regional and local administrations and to the wider public sector, see Sikk (2006) and Madise (2007).

<sup>22</sup> After the last change of government in the autumn of 2008, the Chair of the Council of Officials has been assigned to a representative of the Ministry of Public Administration.

of the senior civil service, but it has not been able to prevent the perception by outside (and inside) observers that this level has de facto largely become a political level in the ministerial bureaucracy. The Council of Officials has therefore increased the transparency and legitimacy of the selection process, but it has not been able to prevent the actual politicisation of the senior civil service.

At first glance, it may seem surprising that the actual practice of politicisation in the **Czech Republic** is not very different from the pattern that prevails in Slovenia, because the selection of senior staff in the Czech Republic takes place largely in a legal vacuum. Deputy ministers are the top-level appointees below the minister and have important managerial responsibilities in the ministries. Deputy ministers are usually chosen by the minister, but ministers have to take into account the deals struck by the parties forming the government coalition, which tends to require the proportional allocation of top jobs to each member of the coalition. In other words, deputy ministers are conventionally political posts, even if there are some notable exceptions in the Czech ministerial bureaucracy. By contrast, at the next levels in the hierarchy – the levels of director of section and director of department – ministers and above all deputy ministers are usually free in selecting their preferred candidate.

All of this implies that it is unusual to have selection committees involved in the choice of candidates for these positions. The selection of senior personnel is therefore largely unregulated and opaque. Interestingly, the selection process differs considerably between the Czech Republic and Slovenia, but the actual use of political criteria is no more relevant for the selection of directors of sections and departments in the Czech Republic than it is for the selection of directors general in Slovenia. From the perspective of EU civil service policy, which has placed a great emphasis on the effects of the “right” legal framework, the similarity in outcome in these two countries is puzzling. Yet it could also suggest that “no” regulation and “insufficient” regulation can produce similar outcomes.

The selection of state secretaries in **Latvia** and **Lithuania** comes close to the Estonian and Slovenian arrangement, but there are also some important differences. First, ministers are accepted on the selection panels for state secretaries or they can at least influence the composition of the panels. Ministers can therefore directly influence the decision-making process. In many respects, this arrangement formalises a practice that is informal in Estonia and Slovenia. Second, centralised control of selection decisions is less regulated in Latvia and Lithuania. In Lithuania, the Civil Service Department sends representatives to the selection panels but the actual choice is made by the minister. In Latvia, the list of eligible panel members is fixed in a cabinet regulation, but for the appointment of state secretaries the list differs from one ministry to another. For instance, the State Secretary of the Chancellery would sit on the panel for the selection of the State Secretary in the Ministry of Agriculture but not necessarily for the selection of other state secretaries.

What may be more important, again, is the actual practice of senior-level politicisation. In both Latvia and Lithuania, ministers have a say in the appointment of state secretaries but in both cases these senior officials, together with the Estonian secretaries general, are by far the least politicised top-level appointees in the region<sup>23</sup>. It is recognised that ministers have a say and may occasionally also try to influence the selection process more actively and that appointees may also be party members – but as a bottom line it is generally accepted in these three countries that state secretaries/secretaries general are largely professional civil servants. The depoliticisation of the most senior level has of course consequences for the politicisation at the next levels in the ministerial hierarchy. Deputy state secretaries and heads of department nevertheless are only very rarely politicised in these three countries.

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<sup>23</sup> See Reinholde (2003, 2004) for discussion and first-hand data on the Latvian case. For the Lithuanian case, the conclusion applies to the period when this research was conducted. The discussions and signals surrounding the current change of government suggest that state secretaries and other top-level civil servants are likely to come under more political pressure than in the last seven to eight years. The extent to which the senior civil service will be re-politicised in Lithuania remains to be seen.

This pattern differs a great deal from the management of the civil service in Slovenia and in the Czech Republic, but above all it differs from civil service management in Poland, Slovakia and Hungary. First, below the minister the top-level officials with managerial responsibilities inside the ministry are political appointees in these three countries. In **Poland**, there are state secretaries and undersecretaries below the minister. These senior officials are largely chosen in the same way as deputy ministers in the Czech Republic, in that ministers can largely choose the officials they prefer but for key posts they have to respect the principle of proportionality within the governing coalition. Before 2006, the Civil Service Law in Poland defined directors general, directors and deputy directors of department as civil servants, who were selected in a competition procedure organised by the Civil Service Office. The reform of 2006 changed this arrangement by making directors political appointees. Since then for these positions there have not been any selection committees, and ministers have had a free hand in appointing directors and deputy directors. Research into the actual depth of politicisation suggests that directors general and directors of department have also become largely political appointees. Often the politicisation reaches even down to the level of deputy director and head of unit (Heywood/Meyer-Sahling 2008).

**Slovakia's** development took a similar direction after 2004. In 2006, the reform of the civil service transformed the head of service office into a political appointee, making this official number three in the ministry (the state secretary is the number two after the minister). Previously, the selection for this position had been organised and prepared by the Civil Service Office, as in the case of directors in Poland<sup>24</sup>. Since 2006, the head of service office has been chosen by the minister and appointed by the government. For directors general, the standard recruitment procedure applies, as for all civil servants: positions are advertised, candidates have to pass written exams, etc. However, in practice, this procedure has not placed any constraints on the politicisation of directors. The personal interviews revealed that often the next one or two levels in the hierarchy are also affected by political intervention. In particular, the change of government in 2006 led to a major turnover in the ministries, sometimes reaching down to the level of head of unit. The politicisation that has resurged since accession has led to a great deal of uncertainty among civil servants in Slovakia, as it clearly contradicts the spirit of the civil service law that was passed before accession.

Finally, in **Hungary**, the top two positions in the ministries have also been transformed into political appointments. Senior state secretaries and specialised/deputy state secretaries are now chosen by the minister or the Prime Minister, and there are no committees or other selection criteria for appointment to these positions. Before 2006, these positions were nominally civil servants, but ministers had a free hand in selecting their team of state secretaries, even at that time. The politicisation of management positions in Hungary was therefore already common practice before 2006. The professional level only begins with the heads of department, although many observers consider even these positions to be situated in a grey area between politics and administration.

When comparing the eight countries, we have to therefore conclude that the principles of professionalism, political neutrality and fairness in the selection process are met, by and large, in the three Baltic States. By contrast, politicisation is a characteristic feature of the selection process in the other five countries under study, especially in Poland, Slovakia and Hungary<sup>25</sup>. The importance of political criteria for the selection of senior officials and for the staffing of the ministerial bureaucracy correlates closely with the criteria that prevail in the eight CEECs for the promotion of civil servants. Promotion rules are generally among the aspects of civil service management that are under-regulated. In several countries there are no rules at all,

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<sup>24</sup> See Staronova (2003) and Staronova/Malikova (2005) for analyses of the senior civil service and issues of politicisation in Slovakia.

<sup>25</sup> The politicisation in five of the CEECs (the three Baltic States excepted) is high when compared to Western European civil services. This applies especially to Poland, Slovakia and Hungary. For comparative discussions, see Peters/Pierre (2004), Ketelaar et al. (2007), and Matheson et al. (2007).

as promotion is only linked to the classification and salary systems and has no bearing on the selection of officials at senior levels.

However, the findings of the Sigma survey indicate that political connections are often more important for promotion than the performance of civil servants. As shown in Figures 6 and 7 below, the variation in the importance of meritocratic and political criteria for promotion decisions is very high. Lithuania, Estonia and Latvia cluster at the top, while Slovakia, Poland and Hungary cluster at the bottom of the tables; Slovenia takes an intermediate position. The irony may therefore indeed be that civil servants in central and eastern European countries can enter the civil service on the basis of open competition; some are even asked to take exams. However, if they want to progress within the administration and above all if they want to advance to higher positions, they will need to show political commitment and possess political contacts. But this is also the case in many old EU-15 Member States.

Figure 6. "In my ministry good individual performance leads to promotion to a higher position."

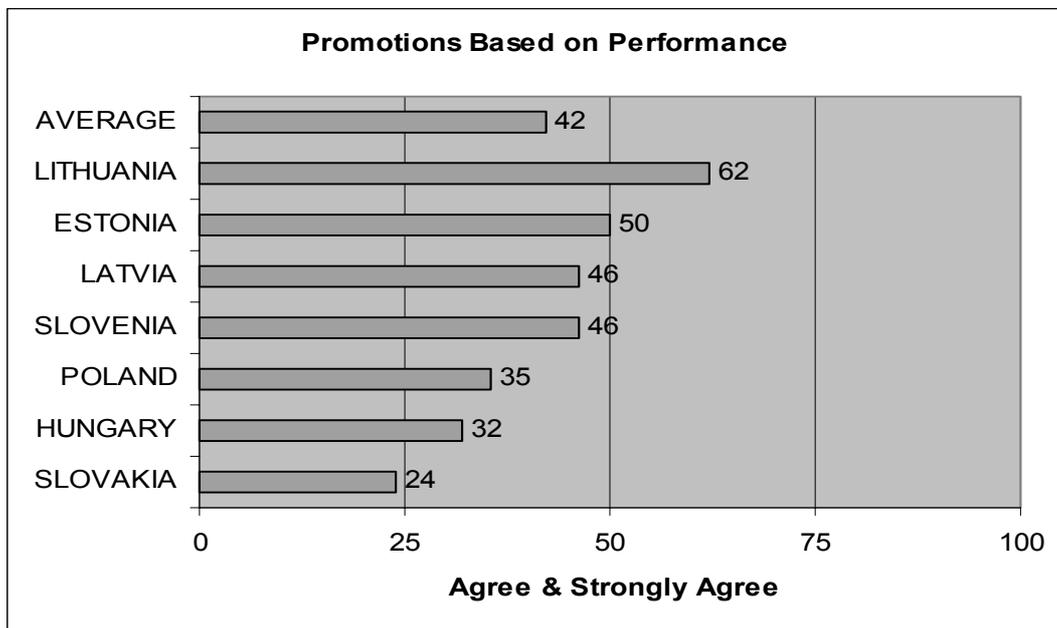


Figure 7. "Political connections can speed up promotions in my ministry."

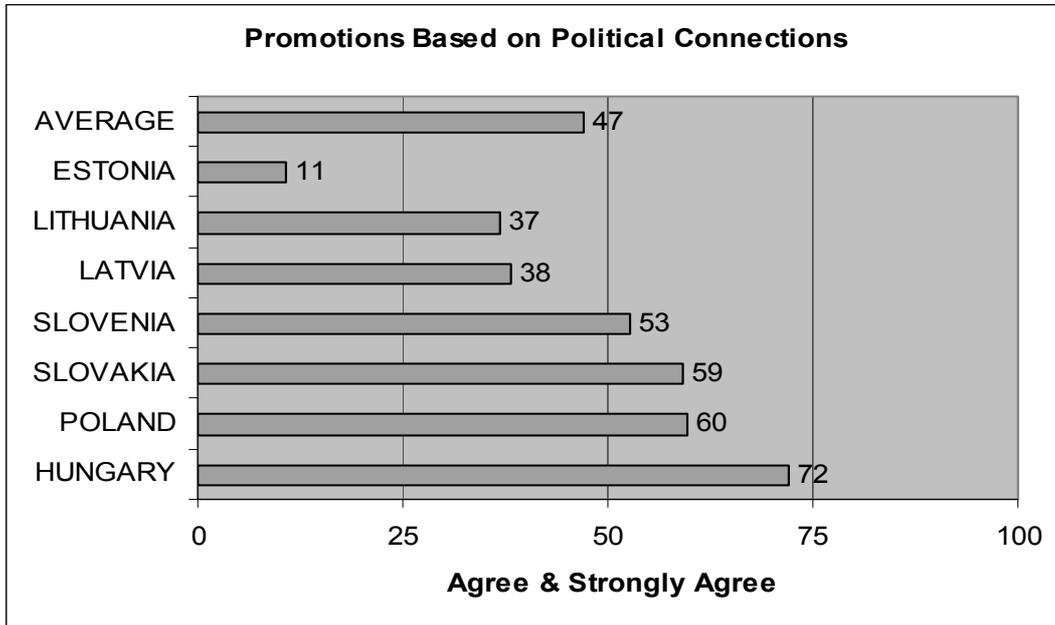


Figure 8. "It is reasonable for party membership to be a condition for promotion to a higher position."

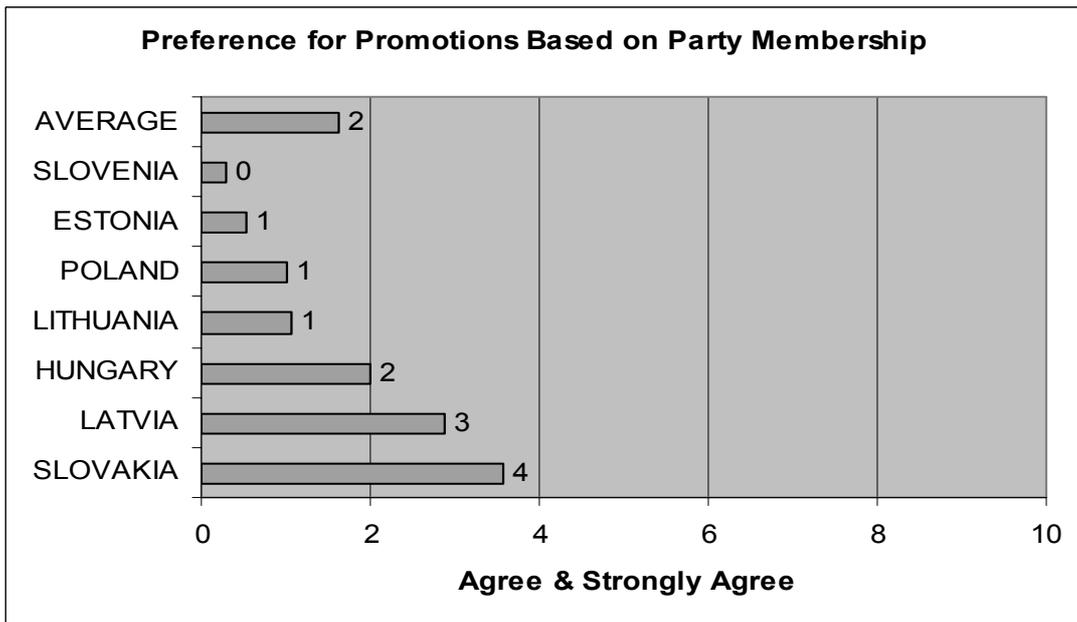
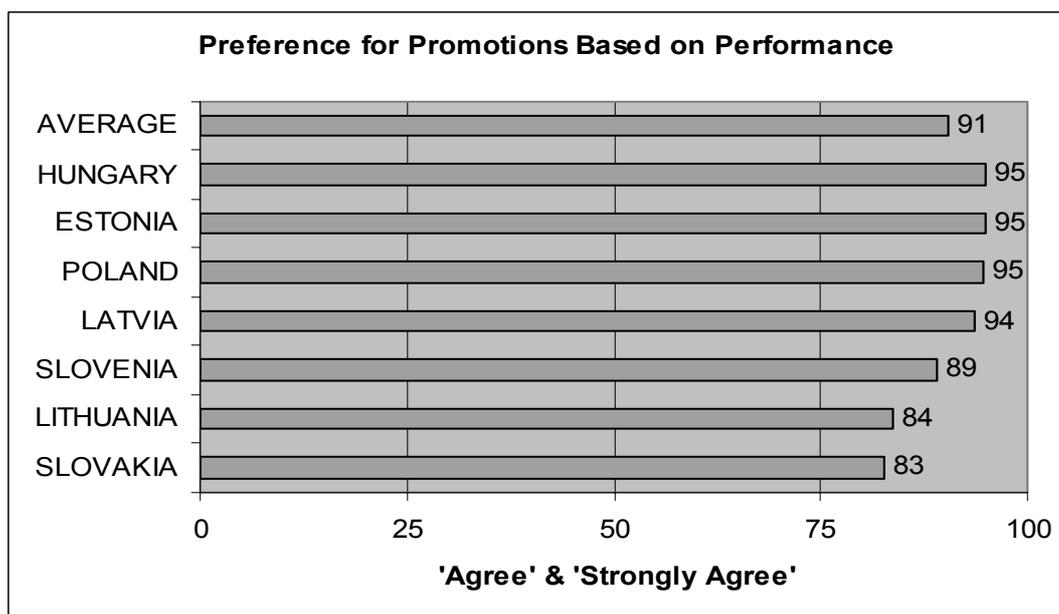


Figure 9. "Promotions to higher positions should strictly be on the basis of individual performance."



The Sigma survey also shows that civil servants' attitudes towards the politicisation of personnel management are very critical and stand in stark contrast to the prevailing practices of personnel management. When looking at the importance of party membership for promotion, it turns out that 98 per cent of all respondents are opposed to this practice of personnel management. This implies that the principle of promotion that is usually associated with the communist administration is completely discredited among current civil servants. Moreover, the discrepancy between civil servants' attitudes and the actual practices of personnel management suggests that less political interference with personnel policy can be expected to increase the satisfaction and motivation of civil servants in the region.

A final note should be added with regard to the formal institutionalisation of separate senior civil service systems in the CEECs (see OECD 2008 for a recent review of senior civil services in Western democracies). Senior executive services were set up in Hungary and Slovakia but both systems failed. In Hungary, the senior executive service was introduced in 2001. It provided senior officials with a higher level of job protection, higher salaries, and more access to (and duties to participate in) training courses. Yet the system was quickly abused, as the governing parties appointed political affiliates to the senior executive service, which indicates that the selection procedures were seriously underdeveloped. In the reform of 2007 the senior executive service in Hungary was abolished.

In Slovakia, it had been planned since 2002 to create a corps of nominated senior civil servants. Candidates were required to pass demanding exams and then were to be given access to top-level jobs, increased job security and higher rewards. However, by 2007 only a handful of civil servants had earned the status of nominated civil servant, but they could not be guaranteed a high-level job in the administration. As a result, it is now planned to abolish the nominated senior civil service in Slovakia at the earliest opportunity.

### 3.7. *Protection of Civil Service Employment*

The protection of employment in the civil service has an important position among European principles of administration. Protection against political and managerial discretion over dismissals reduces civil servants' dependence on outside interests and enhances the prospects of civil service impartiality. It lengthens their time horizons beyond the term of elected governments and thus strengthens the principle of political neutrality. The protection of civil service jobs is also commonly associated with higher levels of stability, due to less turnover and higher levels of competence resulting from increased experience on the

job. For the analysis, we therefore examined for both senior officials and officials without managerial responsibilities the protection from (political) dismissals, actual turnover, and attitudes towards the principle of permanent tenure in the civil service.

The development in this area of civil service governance is paradoxical when seen through European principles of administration. Overall protection of civil servants' jobs remains high in basically all countries, and courts are generally seen as employee-friendly. However, senior-level positions in the four Visegrad countries (Czech Republic, Hungary, Poland and Slovakia) and in Slovenia have become less secure and turnover has increased. Moreover, even if the protection of the general civil service remains high, the evidence indicates that the actual stability of CEE civil services is low and that civil servants do not value job protection highly. The development in the CEECs has therefore moved in the direction of deregulating the protection of employment in the civil service and thus away from European principles of administration.

### ***Deregulation of civil service job protection***

#### *Indefinite terms and fixed-term appointments*

As a general rule, civil servants in the CEECs are appointed for an indefinite period of time, while the terms of office of political appointees, such as political advisors and secretaries of state, are linked to the term of the government. There are important exceptions to this general rule. First, deputy ministers in the Czech Republic are employed in accordance with the Labour Code and are thus appointed for an indefinite term. Their assignment can be terminated at any time, but a dismissal would require either a compensatory payment or a transfer to another position within the ministry. However, de facto demotions to a lower position are rare among deputy ministers. The second exception among the group of officials classified as political appointees concerned the directors in the State Staffing Pool in Poland. They were also appointed for an indefinite term, but their appointment could be terminated at any time. Subsequently, they had to leave the ministerial structure unless they were "nominated civil servants", which implied a right to be appointed to a civil service position. As it is planned to abolish the State Staffing Pool, the situation in Poland is changing again.

The third exception concerns fixed-term appointments for top-level civil servants. Four of the eight CEE countries have opted for some kind of fixed-term arrangement. Secretaries general in Estonia and state secretaries in Latvia are appointed for five years. In Slovenia, directors general, who are two levels below the minister, are also appointed for five years. Most recently, Hungary introduced six-year fixed-term appointments for heads of department, who are nominally also the highest civil servants, but they are three levels below the minister. In Hungary, this arrangement was introduced in the wake of the new public management-oriented reforms of 2007.

#### *Protection from political dismissal*

Overall, there is a clear dividing line between countries that protect even the most senior officials in the ministries from political dismissal and countries that expose all officials with managerial responsibilities – down to the head of unit – to the risk of political dismissal. The protection of top officials is highest in **Lithuania**. Here, the rules of dismissal for state secretaries are effectively the same as they are for all other civil servants. State secretaries can only be dismissed due to major reorganisations or for disciplinary offences<sup>26</sup>. Yet this does not mean that politically motivated turnover does not exist. Rather, it has become an informal convention/norm in recent years that a state secretary would leave office if the minister desired and requested him/her to do so. Several cases of such resignations were reported in 2007 and 2008. This norm is currently undergoing a serious test, as the 2008 elections resulted in a major political pendulum swing in government, and the new government seems to be determined to reduce the protection of senior

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<sup>26</sup> Reorganisations are unusual among state secretaries because the use of this tool for dismissals would effectively require the abolition of a central government ministry.

appointments. In **Latvia**, the rules for dismissal of state secretaries are comparable to the Lithuanian set-up; the only difference is that in Latvia these appointments are for a fixed term of five years.

**Estonia** differs from the other two Baltic States in that it becomes possible to dismiss a secretary general one year *after* a new minister has taken office. This arrangement is among the most interesting in the region, because it requires ministers to give “inherited” secretaries general a chance to prove their worth for a minimum of one year.

**Slovenia** represents – as in most other domains under examination here – an intermediate case. State secretaries are political appointees and can be dismissed at any time. Directors general, directors of government offices, directors of bodies affiliated to the ministry, and heads of administrative units, by contrast, can be dismissed *during the first year after the appointment of a new minister*, but then they are protected until the end of their five-year term. As a result, the effective protection of directors general has been significantly reduced because new ministers are free to dismiss inherited senior staff as they wish. This arrangement was introduced in the context of a 2005 amendment of the Civil Service Law. It already represented a compromise, as the new government that took office in 2004 wanted to deregulate the level of job protection further, making it possible for ministers to dismiss directors general at any time. The direction of change since EU accession has therefore been towards less protection for senior officials in Slovenia.

**Poland, Czech Republic, Slovakia and Hungary** stand out as the four countries that give virtually no guarantees to their senior appointees. In all four cases, managers – from the top state secretary/deputy minister down to the head of unit/division – can be relieved of their duties at any time and without reason. In the Czech Republic, Slovakia and Hungary, this means that senior officials are still given a job within the ministerial structure, but this reassignment is not guaranteed in Poland (which provides the least protection for senior officials in the region). In Hungary, the dismissal of a head of department now (since 2007) requires a justification, and if the reasons are not sound, the official can take the ministry to court. It remains to be seen how effective this provision will be in practice.

In summary, with regard to the protection of senior-level jobs, it can be argued that European principles of public administration are met only in Lithuania, Latvia and Estonia. The arrangements in Slovenia involve a good deal of discretion at the top two levels of ministries, and the institutional provisions in the four Visegrad countries (Czech Republic, Hungary, Poland and Slovakia) provide virtually no protection for officials who are assigned managerial positions.

When looking at the possibilities for dismissal of civil servants without managerial responsibilities, central and eastern European Member States match European principles relatively well insofar as the legal level is concerned. As civil servants are appointed for indefinite terms, they can only be dismissed under exceptional circumstances. The list of these circumstances is usually long, but it is not easy to apply in practice. Reasons include the unsuitability of a civil servant for the position, incompetence and lack of professional capacity of civil servants, and long-term incapacity due to ill-health. Dismissals are also allowed in the context of mass workforce cuts, termination of agencies, re-organisation of an institution, cancellation of a particular position, and enforcement of a disciplinary ruling. This list of reasons could easily be extended.

Countries such as Hungary, Poland, Slovakia, and Lithuania have the possibility to dismiss civil servants due to the abolition of an office or its reorganisation, or even due to the cancellation of a position (Lithuania) or unsuitability (Estonia) or non-conformity (Latvia) of a civil servant with a particular position. However, even if these instruments place a good deal of discretion in the hands of senior officials and ministers, they are not easy to apply in practice. For instance, the use of reorganisation as the basis for dismissal of officials is frequent in practice, but it is not without problems. For example, it can be used to justify the dismissal of a director of a telecommunications agency due to the merger of the agency with the postal office, but it is more difficult to lay off most of the other staff of the agency since their job functions are not necessarily transformed by the merger of the two agencies.

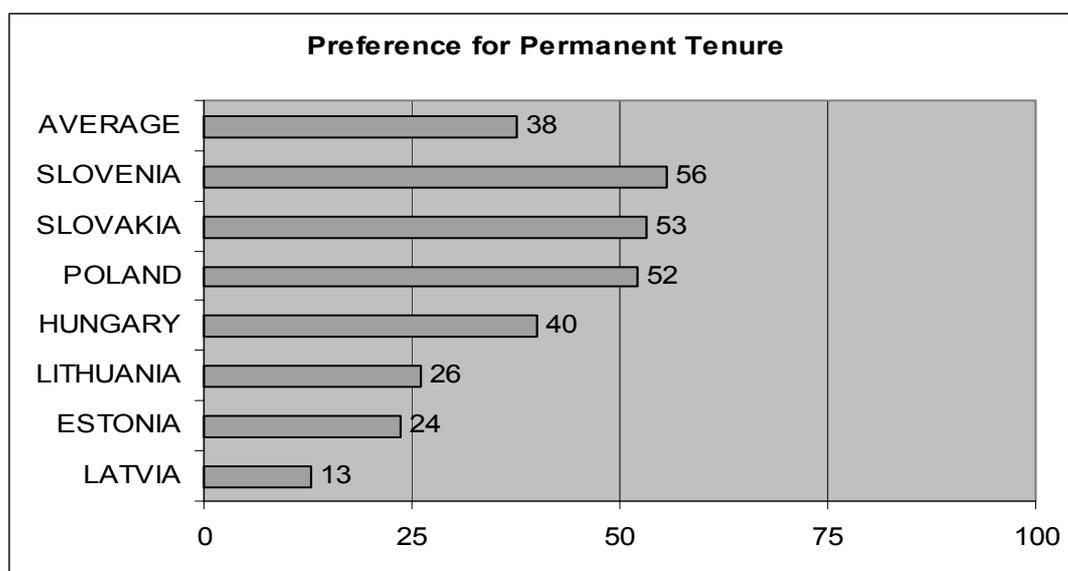
In Lithuania, the rulings of the administrative courts, following appeals against the use of the “cancellation of position provision”, even specified that “abolishing the position of a civil servant as a ground for dismissing a civil servant exists only when after the abolition of the position *the entire scope of specific functions* assigned to a civil servant and describing the abolished position *is actually not carried out*”. In general, dismissed civil servants in all CEECs always have the opportunity to appeal to the courts and to demand re-employment or compensation for unfair dismissal. As a rule, the courts in Central and Eastern Europe are seen as being friendly towards employees.

The rules governing the dismissal of civil servants in non-managerial positions are thus relatively well aligned with European principles of public administration. Surprisingly, this is not reflected in the actual practices of turnover in the civil service and in the attitudes of civil servants towards careers and job protection in the civil service. With regard to the actual turnover in the administration, it was very difficult to obtain reliable data. At the senior level, the turnover largely correlates with the degree of politicisation discussed in the previous section.

When taking a broader look, the information that is available suggests turnover ratios between 9 per cent (Lithuania) and 14 per cent (Estonia)<sup>27</sup>. Yet several countries, such as Slovakia and the Czech Republic, have no detailed data available. In Slovakia, for instance, observers estimate a turnover in the civil service in 2006 that was closer to 30 per cent. Often there are huge differences also between ministries, agencies and other administrative institutions. In Poland, for instance, the data indicates a turnover of 36 per cent in the Ministry of Interior. These turnover ratios should be considered to be high.

A great deal of turnover is not initiated by the employer but results from the choice made by civil servants, who leave for the private sector after a few years in the administration. Data collected for Lithuania (one of the most stable civil service systems in the region) shows that about one-quarter of the civil servants who had voluntarily resigned went straight to the private sector. Before accession, by contrast, it was common to see turnover as a result of reorganisations that were required to make the administrative adjustments for implementation of the *acquis*. Since accession, however, turnover has often not declined, as the opening of labour markets in the “old” EU Member States, the growing economy and low unemployment rates have provided many opportunities for civil servants, especially for young and highly qualified officials, to seek employment in the private sector and abroad.

Figure 10. “Life-long tenure is a good principle for employment in a government ministry.”



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Turnover refers here to the number of departures during one calendar year.

Second, the data from the Sigma survey indicates that long-term careers and high levels of job security are not seen as essential for employment in ministries. Instead, civil servants are willing to delegate more discretion over the dismissal of employees to their superiors. This preference for the flexibilisation and deregulation of employment systems is especially strong in the three Baltic States, which currently provide the highest level of job protection among the CEECs. The institutionalisation of European principles associated with the protection and stabilisation of employment in CEE civil services has therefore not reached very deeply but has largely remained a façade at the level of formal rules. In summary, the domain of protecting employment in the civil service shows a considerable degree of diversity across the countries. However, the average post-accession trend has been away from European principles and towards the deregulation of protection systems, while job stability has remained relatively low in the region.

### **3.8. *Systems of Evaluation and Review***

This section examines the core mechanisms for the evaluation of civil servants' performance. Performance evaluation systems have a number of important roles to play in the wider context of civil service systems. Performance evaluation systems are a critical tool for managers to communicate and align the organisational aims and objectives with the efforts of individual civil servants, and they provide an instrument for reviewing and redirecting the efforts of officials. Performance evaluations are also typically linked to incentive systems, in that they may determine promotion decisions and monetary bonus payments for civil servants. In addition, performance evaluations play a role as a diagnostic tool for the identification of civil servants' training and development needs. In our analysis, we thus examined the existence and quality of performance evaluation systems, their fairness and the linkage to training, promotion and salary decisions.

Post-accession sustainability in this area of civil service governance has been limited, as major differences in the quality of performance evaluations persist and little progress has been made since 2004. Hungary has made the boldest attempt to revamp the performance evaluation system, but it is currently also the most contested system in the region. Otherwise, Lithuania and Latvia have made incremental progress in this area. However, performance evaluation systems in the region will generally need a boost in the future.

#### ***The challenge of making evaluations work***

In the new Member States, performance evaluation systems have been widespread since the mid-1990s. The **Czech Republic** is the only country in the region without a formal evaluation system and, like many other gaps in the Czech civil service system, this can be related to the lack of a civil service law. In practice, however, performance evaluations are occasionally organised at the level of an individual ministry or sometimes even at the level of an individual department. The evaluation methods and frequency differ considerably from one place to another.

There are considerable differences in the quality of performance evaluations across the seven countries that have formally institutionalised such a system. First, Estonia and especially Poland have poor implementation records with regard to their performance evaluation systems. On paper, **Poland** has a system that would require a performance evaluation at least every two years, but this system is hardly applied in practice. Whether or not performance is evaluated largely depends on the initiative of individual directors and directors general.

**Estonia**, by contrast, has two evaluation systems that are linked. The main evaluation system was introduced in 1996 and requires an evaluation every three years. It is officially performed by the competition and evaluation committees of individual ministries. Since 1998, officials are also subject to annual performance interviews. These interviews, conducted by the official's direct superior, offer a softer approach to personnel policies by putting emphasis on feedback and personal development. The performance interviews are more informal in character, and the method is not uniformly applied across ministries. The results may lead to a proposal to raise an official's salary rank or to pay an extra bonus, but such a proposal is not guaranteed. Performance interviews are more popular than the formal evaluation,

which is supposed to be done every three years. According to data from the State Chancellery, more than 50 per cent of all civil servants have an annual performance interview, but only 24 per cent of the officials who were supposed to have a formal evaluation in 2006 did in fact undergo such an evaluation. The quality of implementation is thus very limited but, as we will see below, the perception of Estonian civil servants is more positive.

Second, Slovenia and Slovakia demonstrate a low degree of post-accession sustainability in this area, mainly because they introduced a good deal of legal uncertainty into their performance evaluation systems. In 2005 **Slovenia** took its performance evaluation system out of the civil service law in order to replace it with a new version regulated by a government decree. The decree was only adopted at the end of 2008 and, in the meantime, the old system continued to operate. As a result, performance evaluation remained uncertain for an extended period of time. Uncertainty and incoherence were evident at the time of conducting this research, as the application of the old performance evaluation system differed considerably from one ministry and department to the next.

In **Slovakia**, the performance evaluation system had been defined in a regulation of the Civil Service Office. When the Civil Service Office was abolished, the regulation was replaced by regulations of individual service offices (i.e. ministries, agencies, etc.). As a consequence, the legacy of the Civil Service Office can still be felt, but consistency in the application of the performance evaluation system across institutions has declined over the last two years. The evaluation is conducted by the immediate superior on an annual basis. The linkage to training, promotion and pay is optional for managers.

The performance evaluation systems in Lithuania, Hungary and Latvia are the most developed and have also progressed since accession. In **Lithuania**, the post-accession reforms introduced a separate evaluation system for heads of institutions, including state secretaries. Their evaluation is based on the “implementation of strategic aims of an institution, management, and leadership”. The evaluation criteria for civil servants have also been adjusted, in that they are assessed on the basis of three core criteria: productivity, competence, and quality of performance. The outcomes of the evaluations can lead to recommendations for promotion to a higher qualification class. A qualification class matters for promotion and above all for the salary level of civil servants.

Hungary and Latvia differ from the other countries, as the outcomes of the performance evaluation provide an automatic link to the bonus payment for civil servants. **Hungary** has introduced the toughest performance evaluation in the region. It remains highly contested within the administration, in particular because civil servants doubt the fairness of the new performance evaluation. Originally, the civil service law stipulated an evaluation at least every four years, when a civil servant would be promoted to a higher rank. Yet there were no common guidelines and the system was inconsistently applied across ministries. Since 2007, the government has made efforts to introduce a unified performance evaluation system across all government institutions. The system is managed by the Government Personnel Centre and data on the results of the evaluations is stored by the Centre. Individual performance is based on the performance indicators that are set yearly, derived from the government strategic goals. The evaluation method includes a compulsory differentiation between individual performances, forcing the evaluating managers to categorise the officials according to a normal distribution. The outcomes of the evaluation have a direct effect on civil servants’ end-of-year bonus. Taking into account the far-reaching effects of the evaluation, civil servants can request the presence of a trade union representative at the evaluation, and they can challenge the result of the evaluation in court.

In **Latvia**, performance evaluation is less strict than in Hungary. It is nevertheless similar to the Hungarian case in that the outcomes are directly linked to the qualification levels of civil servants, which represent one of two dimensions for the determination of civil servants’ salary levels. The evaluation system was already introduced in 2000 in the Civil Service Act and has been in operation since 2002. The system is less tightly regulated than in Hungary. It is organised by the state secretary, who sets up evaluation commissions for the ministry. The commission includes at least the civil servant’s superior and the human resources manager. It is based on an interview, includes a self-evaluation and the actual evaluation. Plans

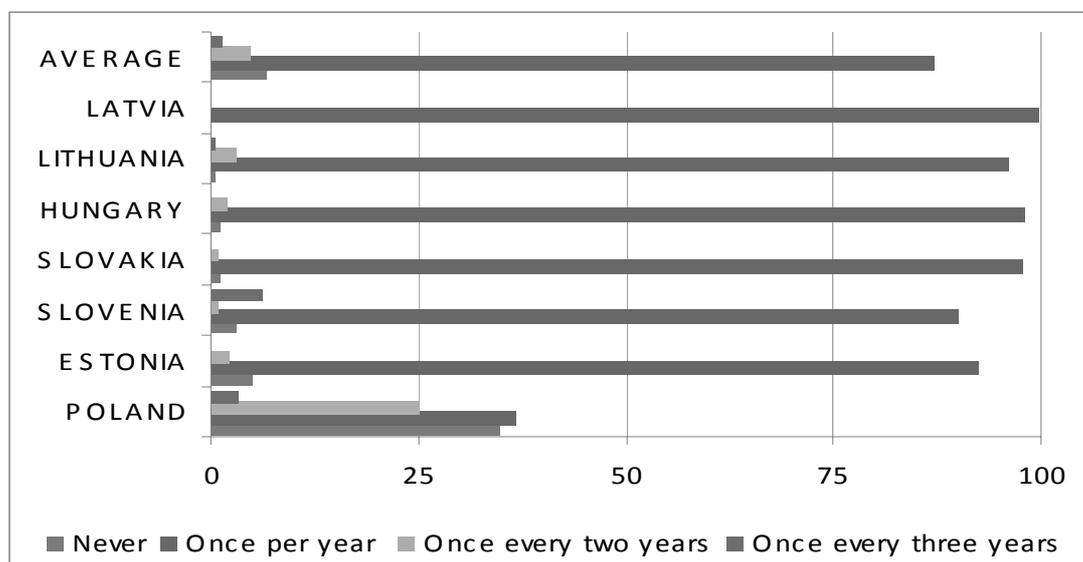
are underway to improve the evaluation system further by introducing e-evaluation tools, storing the information centrally, and expanding and revising the criteria according to which civil servants are assessed.

Even if most countries have a performance evaluation system in place, only a few of them use the information effectively to prepare training programmes. In Latvia, this mechanism is most developed, as ministries use the information gained through performance evaluations when formulating their requests for training from the Latvian School of Public Administration. The School then sets up a programme to meet these requests, while the State Chancellery approves the training plans. Hungary is currently planning to establish a central database to collect the information from performance evaluations and use it for the development of training programmes.

Moreover, performance evaluations are usually only as good as the objectives that are set before the beginning of the evaluation period, in particular the strategic aims and objectives of government policy. Without a general government strategy (that goes beyond the short term) and without a performance management system at government level, it is difficult to effectively take advantage of performance evaluation systems. The Hungarian case is instructive here, as the government’s strategic aims were supposed to be developed and linked to the work aims of departments and individual civil servants, but as the government failed to do its homework, much of the performance evaluation system is said to have lost its effectiveness. By contrast, Latvia and Lithuania have significantly better conditions for making their performance evaluation systems work than all of the other central and eastern European countries.

The insights that we derived from the Sigma survey, by and large, confirm the picture presented so far. The data indicates that performance is evaluated annually in all countries except Poland. Poland is a clear outlier in the region, as 35 per cent of the civil servants never pass any performance evaluation, and among those who do so the majority is subject to an evaluation only every two or more years.

Figure 11. “How often is performance evaluated?”



Second, civil servants are critical with regard to the actual quality of the evaluation system. Fewer than 40 per cent consider the system to be fair and transparent, which indicates that the level of implementation is often questionable and that the application of the system is likely to differ considerably across institutions. However, there are considerable differences between the countries. The low acceptance of the performance evaluation systems in Hungary and Poland confirms well the contested nature of the system in Hungary and the arguably low quality of the system in Poland. Surprisingly, Estonian respondents turned out to be

relatively more satisfied with their performance evaluation systems, even though other evidence indicated that the rules were not always implemented in practice.

Figure 12. "Performance evaluation in my ministry is fair and transparent."

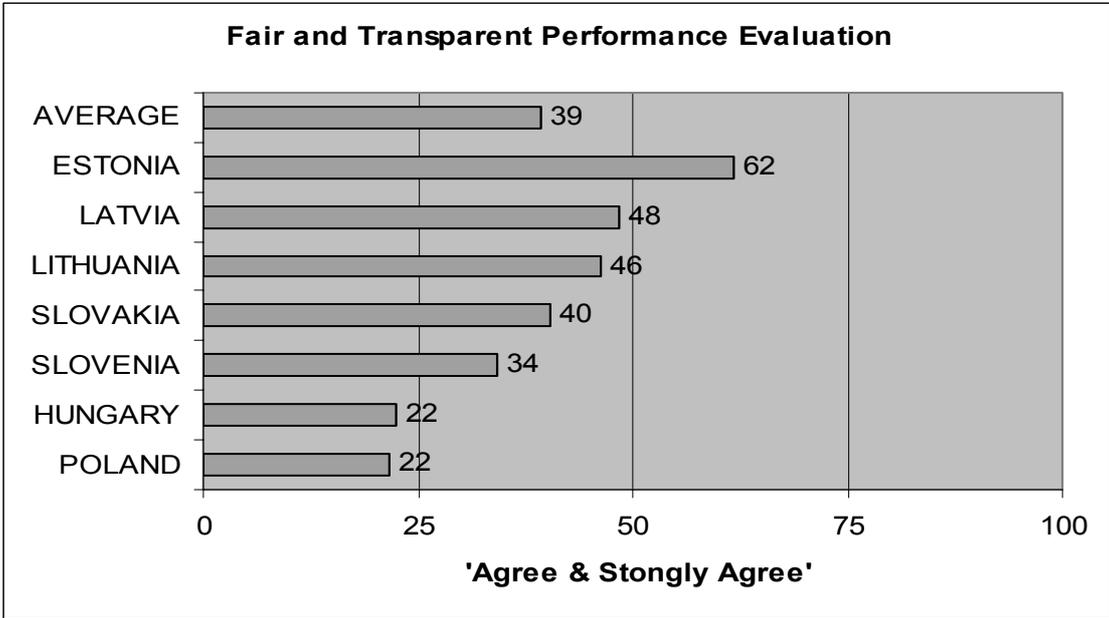


Figure 13. "The prospects of promotion are linked to the outcome of my performance evaluation."

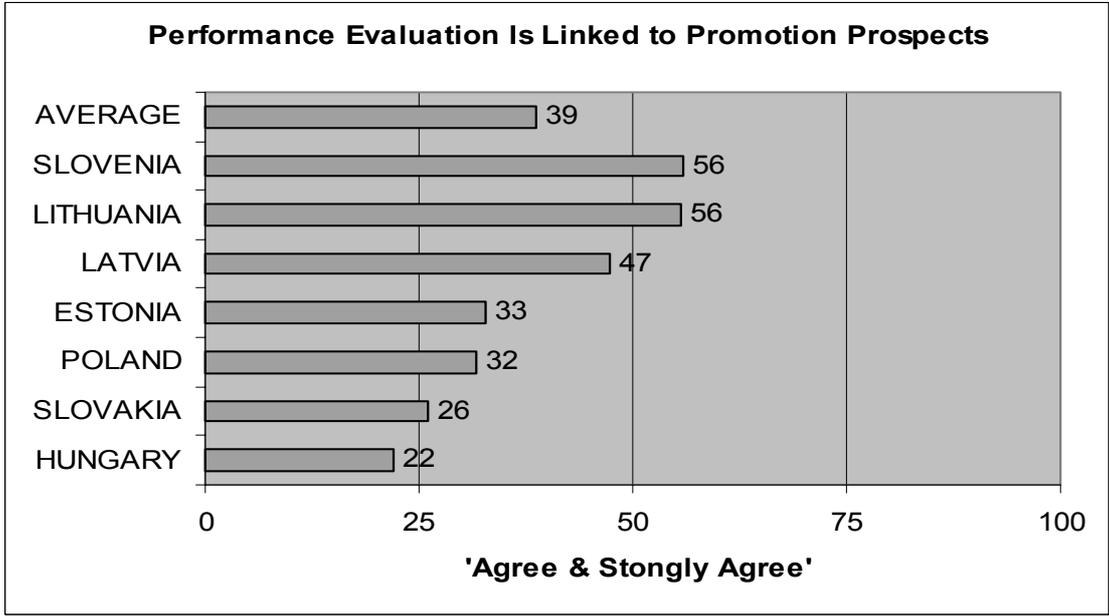
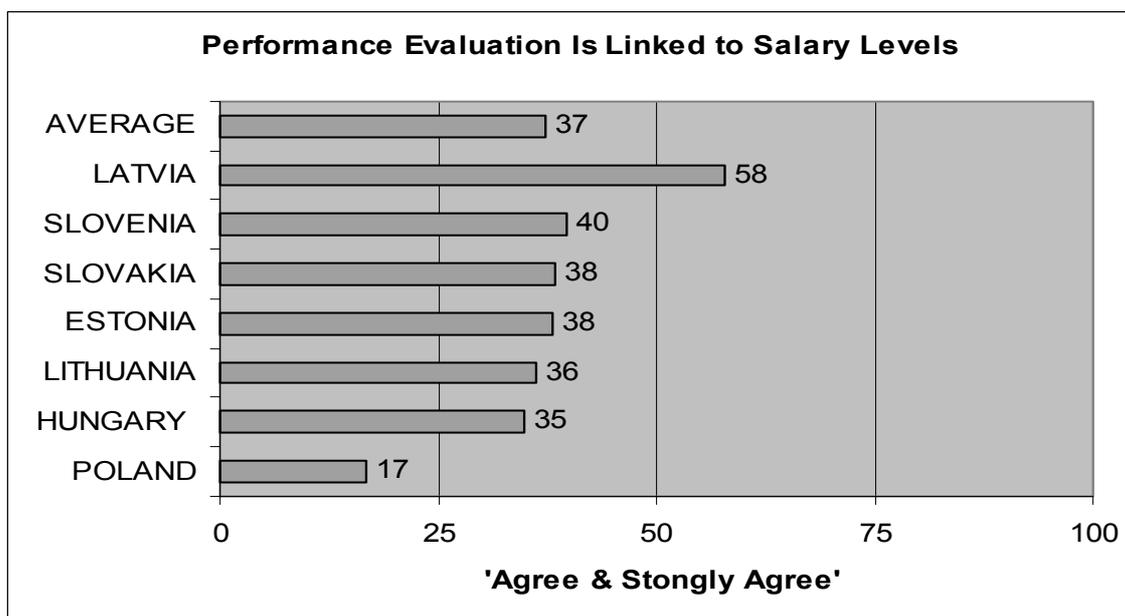


Figure 14. "My pay level is linked to the outcome of my performance evaluations."



Third, civil servants are sceptical with regard to the linkage of performance evaluations to promotion and remuneration decisions. The outlier status of Latvia with regard to the relationship between the performance evaluation and the salary system can be traced to the formal-legal basis that institutionalises performance-related pay in Latvia. The low value in Hungary suggests that civil servants still doubt the true link between their performance evaluation and the size of their monetary bonus at the end of the year. Overall, the experience of civil servants suggests that there is room for a considerable upgrade of performance evaluation systems in the region. Yet a reform of the evaluation system is unlikely to work well if approached in isolation.

### 3.9. Salary Systems

This section examines the salary systems in the CEECs under scrutiny. Before accession, EU policy-makers mainly discussed the CEE salary systems with regard to the levels of remuneration. The worry was that civil servants would not perform well if they were not paid adequately. Moreover, quality staff would not enter the civil service if salaries were too low compared to the private sector. The upward adjustment of salary levels was therefore an important instrument in order to ensure the capacity of the administrations in the candidate countries to implement policies in the EU *acquis* areas. Recommendations before accession therefore stressed the role of salaries as incentive devices to increase the effectiveness of CEE administrations<sup>28</sup>.

In addition to the actual levels of remuneration, Sigma assessments in particular directed attention to the need to align CEE salary systems with other European principles of administration, such as predictability, transparency, and the fair and equal treatment of civil servants. It was thus required to establish clear pay scales across the civil service, minimise discretion over the determination of civil servants' pay grades, keep both political and managerial discretion over the allocation of bonus payments at a minimum, and ensure uniform salaries across government institutions for civil servants with equal job responsibilities.

<sup>28</sup> At least partially in contradiction to the EU's view, international financial institutions, such as IMF and the World Bank, advocated lowering public expenditure and reducing the size of the public bureaucracy.

The post-accession record in this domain of civil service governance conveys both good and bad news at the same time. On average, salary systems have been subject to more reform efforts since accession than all other domains of civil service governance. However, the overall fit with European principles of administration remains low. The degree of discretion over the determination of basic salaries is high in several countries. In particular, the size of bonus payments is very large and the degree of discretion over the allocation of bonuses is high in most countries. The uniformity of pay levels across institutions remains low, and the general levels of remuneration remain a cause of concern in almost all of the countries under study. The generally low fit with European principles is reinforced by a general preference of civil servants for discretionary pay methods, which suggests that it may be difficult to close the gap between practices in this area and European principles of administration in the near future.

Beyond these general features, there are of course some important differences between the countries. The Lithuanian and, to a lesser extent, the Slovenian salary systems are more transparent and less discretionary than the salary systems in the other countries. Estonia has made major efforts to modernise its salary systems, but the consistent implementation across institutions has not yet been achieved. Latvia and Hungary have attempted a significant performance-orientation of their salary systems, but the Latvian system retains important discretionary instruments, and the Hungarian solution has so far created more resentment in the administration than positive effects in terms of civil servants' motivation. Slovakia already attempted to introduce performance orientation in its salary system in the last year before accession, but this was largely synonymous with a deregulation of the system. In Poland and the Czech Republic, finally, the salary systems remain essentially unreformed and still reflect the systems of the early 1990s.

### *Institutionalisation of discretionary salary systems*

#### *Discretion and the calculation of basic salaries*

This section is structured according to five general observations that characterise the salary systems in the eight CEECs. The first observation is that basic salaries in the CEECs are typically calculated on the basis of civil service-wide classifications of jobs and positions, but the determination of civil servants' classification involves a considerable degree of managerial discretion in several of the eight CEECs under study here. In **Poland**, the degree of this discretion is higher than in the other countries. The salary system distinguishes five groups of positions. Each group of positions is assigned a range of multipliers, which are related to a base salary that is fixed in a regulation by the Prime Minister. The consequence is that directors general who are in charge of personnel policy have wide discretion over the definition of basic salaries, as they can pick the multiplier. In practice, the flexibility of directors general is more restricted, because there are informal norms of seniority and actual job responsibilities, which are taken into account in order to calculate a fair basic salary that fits into the wider salary structure of the ministry.

**Hungary** represents the other end of the continuum, in that the responsible civil service managers have little discretion over the definition of basic salaries. In Hungary, the basic classification system is seniority-based for the general civil service, while it is position-based for officials with managerial responsibilities. For the general civil service, the civil service law distinguishes categories of civil servants on the basis of their educational qualifications and then further distinguishes seniority grades and salary classes. For higher civil servants with a university education, for instance, the civil service law distinguishes six career grades and 17 salary classes. Each salary class is then allocated a coefficient, which is multiplied by the salary base that is fixed annually by parliament. For senior officials, the multipliers are also fixed by the civil service law so that managers have basically no possibility of influencing the basic salaries of civil servants unless they promote a person to a higher managerial rank.

In the other countries, senior officials responsible for salary decisions have more discretion than in Hungary but also less leeway than in Poland. In the **Czech Republic**, the salary system is regulated by the 1992 Salary Act (last amendment in 2006). Basic salaries are derived from a two-dimensional salary scale. On one dimension, the system distinguishes 16 job categories. On the other, it is made up of 12 seniority

levels. Together, the two dimensions yield 192 salary groups. The discretion of senior officials to influence the basic salary level is limited, as they can only influence the job definition and thus the job classification of a new civil servant but not the seniority level. Yet civil servants in ministries are largely classified along job classes 10 to 16, with senior staff falling mainly into the top three classes, and the compression between the relevant salary classes is very small. As a result, it is especially difficult to raise the salary levels of younger civil servants who are in senior positions in the ministries. Overall discretion over the definition of basic salaries is therefore relatively constrained in the Czech case.

Both Slovakia and Lithuania have one-dimensional classifications that also grant a limited amount of discretion over the definition of basic salaries. In **Lithuania**, the basic salary is determined by a catalogue of 20 categories of jobs. The methodology for the assessment of jobs was developed in the context of the 2002 reform. Each job category is assigned a coefficient, which is then multiplied by a “minimum monthly salary” (MMS). The MMS is annually set by parliament. Secretaries of state, as the responsible managers for salary policy, have some discretion over the allocation of civil servants to job categories and salary classes, as most jobs cut across three or even four categories. The Civil Service Department is planning to restrict this discretion to a choice between a maximum of two categories because the current arrangement tends to undermine the uniformity of salaries from one institution to another for positions with similar responsibilities. The Lithuanian trajectory is therefore largely in line with the requirements of European principles of administration.

The definition of basic salaries follows a similar logic in **Slovakia**, where basic salaries are derived from a classification system that consists of 11 salary classes and distinguishes qualification levels and requirements for individual positions (Staronova/Lastic 2007). Each salary class is allocated one sum, which is negotiated by collective agreement with the unions. The criteria for the classification of individual posts are specified in the civil service law, and the job category has to be defined in the advertisement of the job vacancy. As a result, heads of service offices do not have much leeway when it comes to defining civil servants’ basic salary levels but, as we will see below, they have many other tools at their disposal.

Estonia, Latvia and Slovenia have introduced major changes in their basic classification systems since accession. Yet the salary systems differ considerably and are subject to different kinds of limitations. The **Slovenian** set-up has institutionalised a relatively low degree of discretion over the determination of basic salary levels, but the system has not been fully implemented. Slovenia adopted a new Salary Act in 2002, but its implementation has been partial at best and full implementation, planned for the end of 2008, has been postponed several times. The new salary system distinguishes some 65 classes, which are defined in the Salary Act. Each work place has been ranked in a wage class, which has been allocated a particular sum. The wage ladder, comprised of wage classes, has been defined and negotiated with the public service unions. The basic salary has been determined by collective agreement and a government decree. The collective bargaining took much longer than expected and is responsible for the delay in implementation of the Act. Yet once the Act has been fully implemented, it should significantly reduce the discretion exercised by managers to influence the basic salary of civil servants.

Legal certainty and predictability are also important limitations of the current salary system in **Estonia**, where salaries are defined by the Official Titles and Salary Act of 1996. The Act includes a uniform salary scale for some 28 different ranks of civil servants. Each salary class is allocated a salary sum. However, there is a large amount of discretion left to individual ministries over the allocation of civil servants to individual salary classes. In order to rationalise the salary system, the Ministry of Finance developed, in co-operation with the State Chancellery and funded by the European Social Fund, a new job evaluation method for the calculation of basic salaries. Participation in the new salary scheme has so far been voluntary, but about one-third of the ministries and agencies have conducted job evaluations and designed their basic salary systems accordingly.

The new salary system reduces the discretion of managers in defining basic salary amounts. Jobs are scored along seven dimensions. The overall number of points is then related to a basic salary range, which should maintain jobs with similar responsibilities, and hence similar amounts of points, within a range of

+/-20 per cent. Even if the reform represents major progress for the Estonian salary system, it has not yet been formalised, and as a result the gap between legal text and actual practice has grown even further. In practice, salaries are now first calculated on the basis of the new evaluation method. Subsequently, they are brought in line with the formal basis of calculating salaries. As a result, the legality of the system has been maintained, but the legal quality is doubtful.

Finally, **Latvia** has introduced the most significant changes to its salary system. Most of the plans for salary reform were prepared before accession. In 2005 the new system was formalised, and it has been in full operation since July 2007. In contrast to all of the other countries, in Latvia the basic salary includes a variable element that is linked to the outcomes of the annual performance evaluation. The basic salary consists of two components. First, each job is defined and classified in one of 16 salary groups. The assessment and classification of jobs were prepared under the responsibility of the Ministry of Finance in collaboration with a private sector company, using job evaluation tools. Second, the salary group is then combined with a “qualification level”. The qualification level consists of five seniority classes. The other element of the qualification level is the outcome of the annual performance evaluation. The two elements are combined to generate six qualification levels. The two dimensions – six qualification levels and 16 salary groups – are subsequently paired, resulting in 96 salary classes. For the calculation of the salary, each salary class is not given a sum, however, but a range of sums that tends to be very wide. The upper level of the range can be up to two and a half times higher than the lower level of the range. As a result, salaries continue to depend largely on the financial situation of individual institutions, and state secretaries as the responsible managers have retained a great deal of discretion to set the salary level within the range.

The discussion so far implies that seniority plays a relatively small role in determining civil servants’ salary levels in the CEECs. Seniority is only the basis for the classification and calculation of basic salaries in Hungary and to a lesser extent in the Czech Republic. In Hungary, however, this applies only for the general civil service. In Slovenia, seniority is a factor in the promotion system, in that civil servants are required to hold a particular job title in order to be eligible for classification in a particular job category. In Latvia, seniority is included as part of the “qualification level”, which constitutes one dimension of the classification system but does not exceed 10 per cent of the final salary. In Poland, Estonia and Lithuania, seniority is not part of the classification system, but civil servants are paid a seniority bonus. In Estonia, the seniority bonus can be up to 15 per cent, while it can reach 30 per cent in Lithuania. Finally, in Slovakia, seniority was effectively abolished in 2003 when the salary system was reformed.

#### *Large bonuses and wide discretion over the allocation of bonuses*

The second characteristic feature of CEE salary systems concerns the size of bonus payments and the wide discretion that civil service managers have over the determination of bonus payments. The number and sheer size of variable, non-guaranteed payments is high in the CEECs. In the Czech Republic and Slovakia civil servants can receive bonuses for very good performance of up to 100 per cent of the basic salary, and these performance bonuses are not the only bonus payments for which they are eligible. In Estonia, performance pay can reach up to 50 per cent of the basic salary<sup>29</sup>. In Slovenia, the highest single bonus – for excessive workload – can reach up to 35 per cent. These are only a few examples of individual bonus schemes; many more of a similar kind could be listed.

Most CEE salary systems provide several guaranteed and non-guaranteed bonuses. Hungary, for instance, pays supplements for employment at the central government level, bonuses for managerial positions, language bonuses, jubilee and anniversary prizes, an end-of-year bonus determined by a new performance evaluation (see below), and a monthly bonus of up to 30 per cent of the basic salary. Moreover, the 2007 reform introduced additional one-off bonuses for the accomplishment of special tasks, some of which require specification by the Prime Minister.

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<sup>29</sup> For a critical discussion of performance-related pay in Estonia and the lessons that can be drawn for the limited applicability of performance-related pay to transition countries, see Randma-Liiv (2005).

As a result, civil servants can accumulate, provided the personnel budget is sufficiently well endowed, a whole range of bonuses to top up their basic salary. In the Hungarian case there is an official 50 per cent limit on the size of bonuses as a proportion of the overall salary, but if this limit is exceeded it is simply necessary to communicate this information to the head of the Prime Minister's Office. In Slovakia, the Czech Republic, Poland and Estonia there is no limitation on the size of bonuses, while the accumulated size of bonuses is limited to 70 per cent in Lithuania, 55 per cent in Slovenia and 40 per cent in Latvia. Yet Lithuania has recently introduced the possibility to increase this value if certain conditions are met.

The high caps for bonuses or the lack of any caps does of course not mean that bonus payments for CEE civil servants are always sky-high. However, the information that we could obtain on this aspect indicated that the average size of bonus payments stands at 16 per cent in Lithuania, 20-30 per cent in Latvia (down from 50-60 per cent before the salary reform) and 25-30 per cent in Estonia. The "average" values disguise the size of bonuses for individual ministries or for individual officials, which are sometimes much higher. For instance, internal figures for Estonia showed that bonus payments in some ministries reached up to 50 per cent of the salary, which is equivalent to a 100 per cent bonus on the original basic salary. For Slovakia, the calculation of the annual take-home salaries of directors general showed that in some ministries they would earn up to three times their basic salary (i.e. the basic salary is equivalent to 35 per cent of the final salary)<sup>30</sup>.

The sheer size and variability of bonus payments in the region undermine predictability and transparency in basically all of the CEE salary systems. The most remarkable feature of CEE salary systems, however, is the wide discretion that managers have over the allocation of bonus payments. In several countries, managers have several, largely unconstrained bonus instruments at their disposal. In Poland and the Czech Republic, there is no specific regulation for the allocation of some of the bonuses<sup>31</sup>. In the **Czech Republic**, the chosen method depends on individual ministries or even on the initiative of individual directors of departments, and the amount that can be distributed largely depends on the budgetary resources that are available to the ministry.

In **Poland**, directors general typically allocate a certain amount to directors of department, and it is then up to the directors to distribute the bonuses among their staff. Methods for the allocation of bonuses differ a great deal. In some departments, we learned that bonuses are simply distributed equally among staff. In others, bonuses are allocated on the basis of work accomplishments, but the method remains informal and not even clear to the staff of the departments. Yet most typically directors seek to avoid too much unfairness, as this would undermine the motivation of their employees. Problems of inequality arise mainly when civil servants compare themselves to their peers in other ministries and agencies (and sometimes even other departments of the same ministry/agency).

As civil service managers have typically more than one discretionary instrument at hand, interesting patterns emerge with regard to the combination of various bonuses. The **Slovak** case is instructive here (Staronova/Lastic 2007). In Slovakia, the first guaranteed bonuses are those for managers, which provide a range of percentage increases for each managerial level. For instance, heads of service offices can receive between 47 and 90 per cent of the basic salary as a management bonus. The precise percentage increase is set by the superior of the respective manager, in this case the minister. Second, the personal performance-based bonus of up to 100 per cent is supposed to be awarded after a performance evaluation. In reality, however, it is typically negotiated between the civil servant and his/her employer (director general and

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<sup>30</sup> The overall size of variable pay elements is thus very high when compared to civil services in Western democracies (OECD 2005).

<sup>31</sup> Poland and the Czech Republic also introduced a special bonus for civil servants dealing with EU policies. More recently, the Tusk Government in Poland passed a resolution that provided extra-budgetary resources for a one-off, end-of-year bonus for civil servants. The Civil Service Department is currently preparing a method for the allocation of this bonus.

then approved by the head of service office), and the negotiations take place *before* the actual assessment period. This kind of bonus effectively becomes a part of the fixed salary.

Next, ministries can pay out “rewards” for targeted output and high quality work. The amount that is made available is internally decided by the ministries, and this information is not publicly available on the grounds of data protection. The limits are therefore stated by the budget for the remuneration of civil servants. In practice, it is the “rewards” that make up most of the performance-based bonus. The allocation is organised by the directors, and the method of allocation depends on their personal initiative. The Fico Government in Slovakia also reintroduced the payment of rewards for state secretaries, which implies that political appointees have as much access to this tool as civil servants. The current salary system is thus not transparent for any outsider, and it is only predictable for the well-informed insider. Yet, as we will see below, the system allows the possibility to pay competitive salaries if it is considered necessary<sup>32</sup>.

In the other countries, bonus systems are more regulated, but they still provide at least one major discretionary instrument to boost civil servants’ salary levels. In **Latvia**, officials can be awarded “management contracts”. These contracts have existed since 1997 and have been criticised ever since the EU and Sigma assessed the Latvian civil service. Management contracts are set by the state secretary and/or the minister. There is no restriction on the amount that can be paid, apart from limited budgetary resources. Information provided by senior staff indicated that management contracts had been granted to up to 60 per cent of the staff in the State Chancellery. Following the salary reform, this proportion is now down to 20 per cent, while the Ministry of Finance estimates that some 10 per cent of *all* civil servants are still on management contracts.

Latvian officials argue that management contracts play an important role in setting performance incentives for top officials who would otherwise not join the civil service. Moreover, ministers use them as an alternative means of political control. Management contracts can be granted and terminated at any time. They can help to attract staff but also make staff more compliant. In many respects, management contracts may substitute for the lack of ministerial control over the appointment and dismissal of top officials, which was outlined above in section 4.6.

None of the other countries provides a payment tool that is comparable to the Latvian management contracts (Hungary, for example, abolished a comparable scheme in 2001). In **Estonia**, however, there is not much regulation of the 50 per cent performance bonus<sup>33</sup>. In **Slovenia** managers are relatively free to use the 35 per cent bonus to reward any additional workload borne by civil servants<sup>34</sup>. In **Hungary**, the salary of officials can be increased by 30 per cent or lowered by up to 20 per cent. In all three cases, the limits for the application of bonus instruments are largely set by the personnel budgets and by the possibility to generate savings by maintaining job vacancies in the ministries and in the agencies under their jurisdiction.

**Hungary** also stands out because it has introduced the most ambitious plan in the region for establishing the link between performance and bonus payments. The new performance evaluation is mainly applied to the annual bonus. Annual bonuses also existed in the past, but their allocation was very discretionary. The recent reform set up a state-of-the-art performance evaluation with the *ex ante* definition of work objectives, the *ex post* assessment of accomplishment, and the evaluation of civil servants’ competencies. However, the new system includes quotas for individual performance grades. As a consequence, evaluating managers are forced to differentiate the performance of civil servants along the full range of possible

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<sup>32</sup> In addition, there are two types of special bonus schemes for posts of “superior significance” and for “nominated civil servants”. These posts include officials who deal with EU affairs.

<sup>33</sup> Interestingly, the Estonian performance bonus is also usually negotiated before civil servants take up duty.

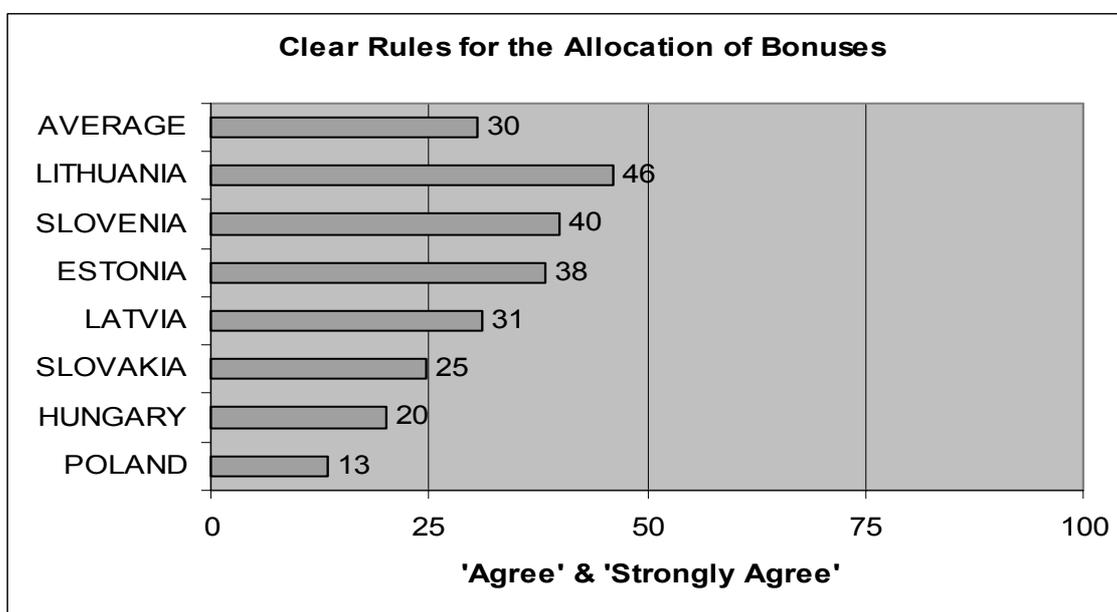
<sup>34</sup> Once the new Salary Act is fully implemented in Slovenia, the manager will be able to use a 20 per cent bonus to reward the additional workload of individual civil servants. Moreover, a bonus of up to 50 per cent for involvement in special projects will be applicable. The latter bonus in particular will be clearly regulated.

grades. As departments and even divisions became the unit of analysis for the new system, department heads were sometimes forced to grade their employees from A to C even if there were no major differences in performance of the civil servants concerned. Yet the grade awarded at the performance evaluation has considerable effects on the take-home salary of civil servants. The annual remuneration bonus tends to vary from the equivalent of zero to three and more monthly salaries<sup>35</sup>.

The reform in Hungary was prepared and implemented within less than two years. It provided relatively little room for experimentation with various schemes and for the “growth” of acceptance of the new system among civil servants. As a consequence, the system was not well received by civil servants and led to considerable resentment among them. The personal interviews in Hungary indicated that the willingness to use performance-related pay methods is high. However, the logic of forced distributions, and the speed and process chosen for the introduction of the new scheme destroyed the trust in the leadership of the civil service and the belief in the effectiveness and fairness of the performance-related pay system in Hungary.

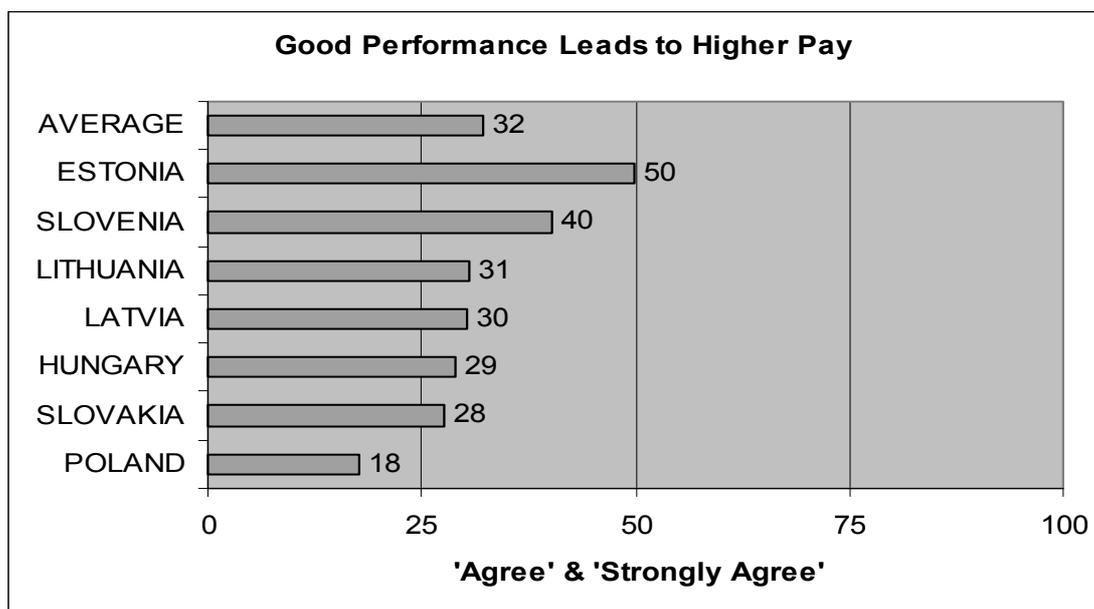
The high degree of discretion over the payment of bonuses in most CEECs is also reflected in the responses that we collected in the Sigma survey. The absence of a clear formal-legal basis for the allocation of bonuses is especially evident in the Polish case. The low value for Hungary indicates not only persisting problems with the new performance evaluation but also the newness and the dispute concerning the new performance-related pay scheme. The largely unregulated and usually highly discretionary bonuses in Slovakia, Slovenia and Estonia are also clearly reflected in the survey responses of civil servants in these countries. **Latvia** (with regard to the performance evaluation linked to the basic salary) and **Lithuania** have arguably the clearest rules for the allocation of bonuses, which is also related to the regulation of the performance evaluation systems that were discussed in the previous section. Furthermore, the survey results indicate that civil servants tend to doubt that better performance leads to higher levels of pay.

Figure 15. “There are clear rules for the allocation of bonuses.”



<sup>35</sup> For senior officials, the maximum bonus amounts to 56 per cent of the annual salary, without including the 13<sup>th</sup> salary. This means that the annual bonus could even reach the equivalent of six monthly salaries.

Figure 16. “Good performance is rewarded with higher pay levels in my ministry.”



Overall, it remains puzzling that salary systems continue to contain so many different bonuses and that bonus systems tend to be highly discretionary. As we will discuss below in more detail, the discrepancy between private and public sector salaries has continuously widened for some groups of civil servants, such as senior officials and specialists. In order to retain these officials in the civil service, it has often been necessary for governments to pay salary top-ups that would reduce the public-private gap. Ironically, the EU accession process has also contributed to the use of deregulated bonuses. EU officials have been among the specialists who were often in short supply. Moreover, the bargaining position of EU officials improved as they gained special expertise and participated in training programmes to manage the EU accession process and to implement EU policy. As a result, governments were forced to introduce new bonus schemes, for instance, explicitly for civil servants with EU responsibilities, and to deregulate existing schemes in order to increase managerial flexibility over salary policy.

#### *Civil servants support discretionary salary systems*

The institutionalisation of wide discretion over bonus payments and the lack of clearly regulated bonuses, together nonetheless with large amounts of variable pay, must be viewed critically from the perspective of European principles of administration. It would also be expected that civil servants would be critical of discretionary pay methods because these methods have contributed to the lack of predictability and potential lack of fairness concerning salary matters. Yet – and this is our third general observation – the Sigma survey revealed very different attitudes of civil servants. First, civil servants are critical with regard to granting discretion over the payment of bonuses to politicians, but their opposition is by far not as clear-cut as it was with regard to questions of de-politicisation, as outlined above in section 4.6. Second, civil servants are extremely supportive with regard to the delegation of authority to their managers for the payment of bonuses. There is of course some variation between the countries, but the preference for “no political discretion over bonuses” amounted on average to only 57 per cent (see Figure 17) and the average support for “discretion of directors to pay bonuses” amounted to 82 per cent (see Figure 18), which must be considered as very high.

Figure 17. “It would be important that ministers and other politicians have no influence over the bonuses and pay of any ministerial staff.”

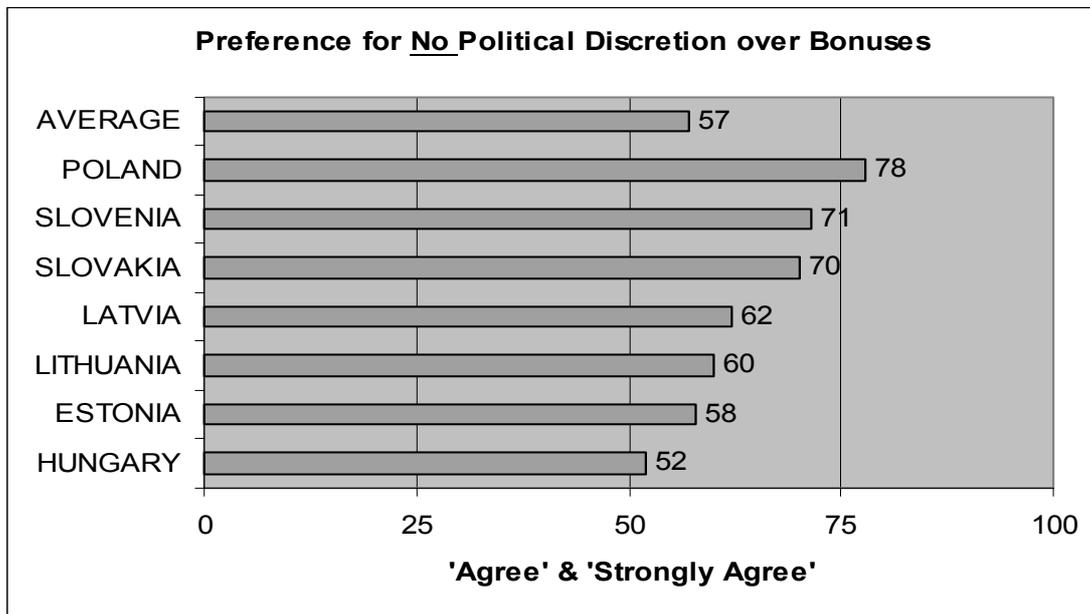
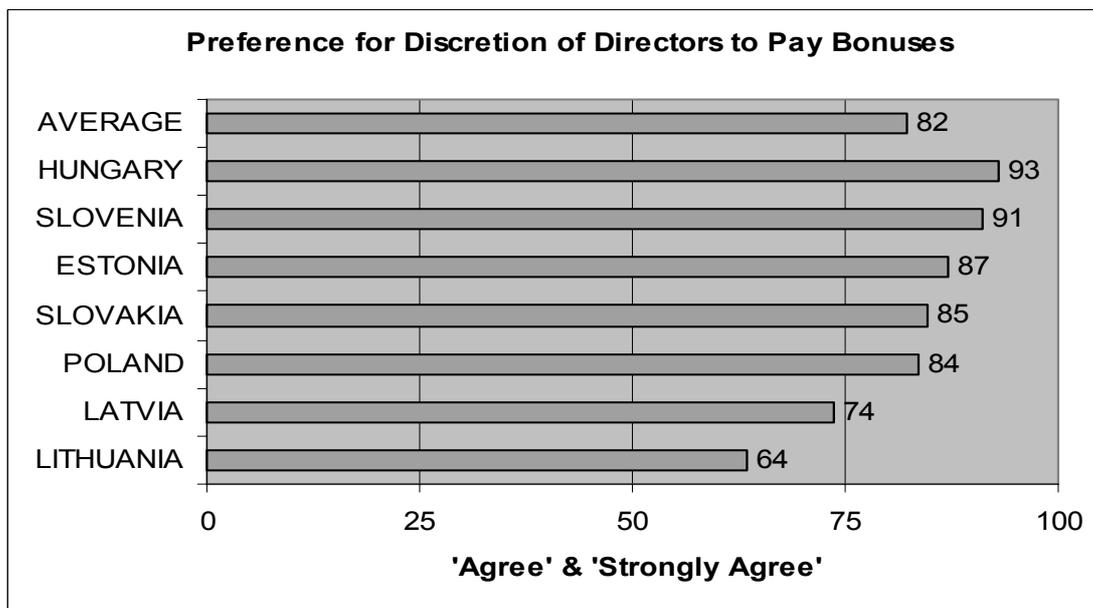


Figure 18. “Directors must have discretion to pay bonuses in order to reward good performance.”



The granting of managerial discretion is of course quite compatible with the principles of new public management, but it largely contradicts the principles of salary design derived from objectivity and transparency as European principles of administration. Moreover, the finding implies that the fit of the formal-legal basis and the actual practices of salary policy are low with respect to the reform template that was promoted by the EU and that the attitudes of civil servants support this divergence from European principles.

*Low uniformity of salaries across government institutions*

The fourth general point characterising CEE salary systems concerns the very low level of salary uniformity across government institutions. European principles favour the concept of equal pay for equal

work. Accordingly, civil servants with similar job responsibilities should be paid similar salary amounts, regardless of their location in the governmental apparatus. Most countries have not even addressed this issue at the institutional level. **Lithuania** is an exception here, in that institutions are formally separated into five groups in order to clarify and regulate under which conditions an institution may pay higher salaries. In practice, this system is not very effective, as all ministries belong to the same group of institutions, but average salaries differ to a good extent.

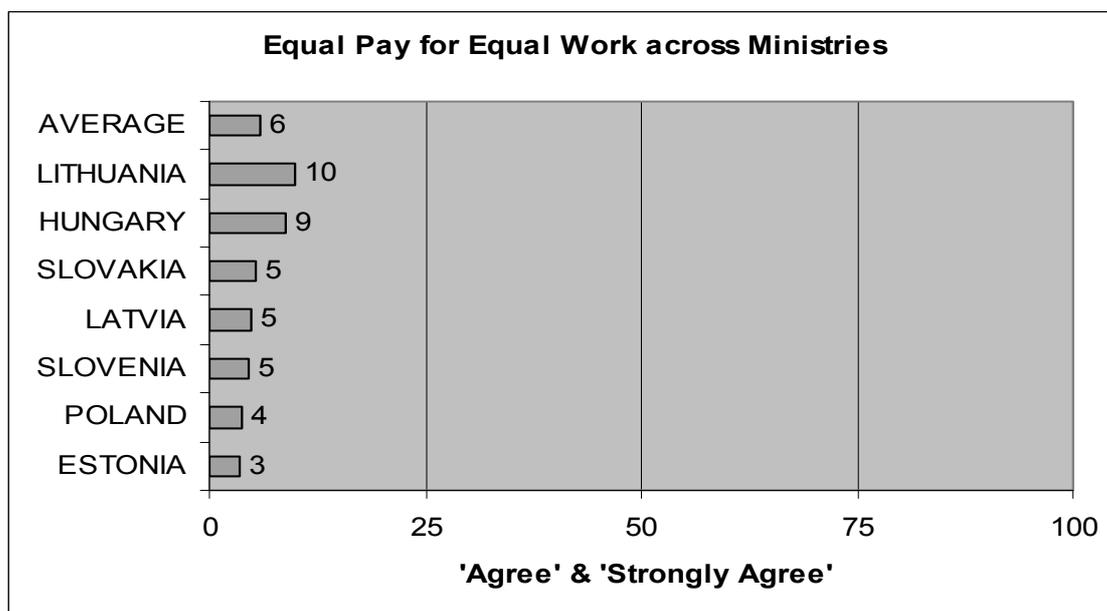
In the context of the **Estonian** civil service reform that was under preparation during the research for this paper, Estonia started to discuss the introduction of coefficients for individual government sectors, which would reflect comparable salaries in the private sector and thus justify the payment of higher salaries by the Ministries of Justice, Finance, etc. than those paid by the Ministries of Social Affairs, Environment, etc. It remains to be seen whether this solution can be realised in the future.

It is generally difficult to obtain reliable data on this aspect, but the information that was made available suggests that differences in average salaries are as high as 35 per cent in the **Czech Republic** and 30 per cent in **Slovakia**. After the Freedom of Information Act was invoked in Slovakia it also became evident that the salary levels for directors general differed sometimes dramatically. For instance, in 2006 directors general in the Ministry of Finance earned more than twice the salary of directors general in the Ministry of Agriculture. The example provided here may be an extreme case, but it also illustrates that the availability of several discretionary pay instruments can easily contribute to large differences in salary levels across institutions.

These differences in salary levels are largely the result of differences in ministerial wealth. The level of civil servants' salaries and their access to bonus payments therefore largely depend on the dynamics of the budgetary process, which implies that civil servants' salary levels have much less to do with their job responsibilities and their actual performance on the job. It also remains common practice for ministries to create savings by maintaining job vacancies, as they receive funds for these posts from the Ministry of Finance but can use any unspent funds as bonus payments for the civil servants in place. This practice has recently been terminated in Lithuania, for example, where the Ministry of Finance now deducts vacant posts from the total number of positions if they have not been filled within six months.

The high degree of cross-institutional salary inequality is clearly shown in the responses of civil servants to the Sigma survey. When considering the positive responses only, it turns out that on average not even five per cent believe that colleagues with the same job responsibilities are also paid the same salary. Interestingly, the values for Lithuania are slightly higher, which corresponds to Lithuania's status as the only country that has addressed this issue at the formal institutional level. Overall, the fit with European principles of administration is nevertheless extremely low when looking at this criterion of compatibility.

Figure 19. "Officials who have the same work responsibility receive the same pay in other ministries."



#### *Still low salary levels for civil servants*

The fifth general observation, finally, addresses the actual salary levels in the CEECs. The general feeling among civil servants is that their salaries are too low. This view applies basically to all countries and all civil servants, and as a self-perception it should not be too surprising. It therefore needs some qualification, even though it has again been extremely difficult to obtain hard and reliable data on the salary levels of civil servants in comparison to the private sector. The general impression is that senior officials and specialists are losing out in comparison to the private sector. There are a few important exceptions, however. The data that we collected for **Slovakia** indicates that heads of service offices and directors general are occasionally paid salaries that are as high as the salaries of top managers in the private sector. High salaries of this kind are only paid for a small number of senior officials, but the deregulation of the salary system in 2003 and thus also the introduction of some highly discretionary tools made these salaries possible. The effect is that some ministries that compete with high private sector salaries, such as ministries of finance, are still able to retain high quality staff at the price of internal salary imbalances.

The Slovak example is not unique. Senior officials in **Hungary** can earn very high salaries if all of the bonuses are paid. The management contracts in **Latvia** allow the government to pay very high salaries, which are quite compatible with salaries for private sector managers. In the **Czech Republic**, ministries can compensate the lack of competitive salaries for senior officials by tapping into the funds that are otherwise reserved for general bonus payments, leading to the argument by insiders and outsiders that it is possible to pay high salaries if it is deemed necessary. All of these cases suggest that the discretionary pay instruments are critical for enabling ministries to pay competitive salaries for senior officials.

Apart from senior officials in the financial and economic policy sectors, discretionary pay instruments have been very important for officials employed in the EU affairs sector. Several countries, such as **Poland** and the **Czech Republic**, have introduced special bonus schemes for civil servants with EU policy responsibilities. In **Slovenia**, an extra bonus was introduced for the period of the EU presidency in order to recognise and reward higher workloads and the importance of officials' work for Slovenia. However, discretionary instruments to boost salary levels of key officials were already very important during the pre-accession period, when it would have been difficult to retain them without paying higher salaries and the loss of these officials would have been potentially very costly for the government.

The evidence further suggests that senior officials are more disadvantaged in **Slovenia, Lithuania and Estonia** when comparing their salaries with that of private sector managers. For Estonia, for instance, the data shows that private sector CEOs of companies that are listed on the Tallinn stock exchange earn 20 and more times the average salary of a secretary general. Even the top officials of public sector companies, such as the railways, earn salaries that are many times higher than the salaries of secretaries general at the top of ministries (Järvalt/Randma-Liiv 2006).

Second, salaries tend to be relatively more competitive for middle and lower-ranking civil servants. In Slovenia, for instance, it is commonly recognised that civil servants with a secondary education earn a relatively good salary in comparison to employees with similar qualifications and responsibilities in the private sector. This competitive salary position of the middle and lower ranks is reflected in the average salaries for the entire civil service when compared to average salaries in the private sector. When making a broad comparison, it turns out that average salaries for civil servants are usually slightly higher than average private sector salaries.

The discrepancy between private sector and civil service salaries is therefore more relevant for higher civil servants with a university education, young civil servants after they have gained some work experience, and all senior civil servants whose bargaining (and political) position is not strong enough to negotiate an exceptional salary. In countries such as **Slovenia, Poland, the Czech Republic, Lithuania and Estonia**, the average salary for this group of civil servants is often estimated at 40-60 per cent of the salary that these officials could earn if they switched to the private sector. In **Latvia**, the ratio was as low as 30-40 per cent, but the recent salary reform has (attempted to) narrow the gap to 70-80 per cent. Similarly, in **Estonia and Lithuania**, basic salaries were effectively frozen for several years and have only recently been raised to compensate for the loss in competitiveness vis-à-vis a private sector that was booming during the same period.

Many external and internal observers of the civil service systems in CEE argue that the salary gap between the public and private sectors was politically desired in order to attract talent into the private economy and thus to develop a strong private sector in the former transition economies. Moreover, the policy demand of international financial institutions, in particular the International Monetary Fund, has stressed the need to reduce public expenditures, which inevitably creates constraints on governments with regard to the increase of civil servants' salaries. The ambition of the new Member States to join the euro in the future leads to similar pressures for the consolidation of public finances and thus limits the prospects of raising civil service salaries in the near future.

By way of conclusion, the paradox that has emerged in this section is that salary systems with more discretionary instruments are able to pay more competitive salaries for a small group of senior officials, but these salary systems reach only a relatively low fit with regard to European principles of administration. In fact, the countries with a relatively less discretionary salary system, such as Lithuania and Slovenia, struggle more to offer competitive salaries to senior officials, higher officials and specialists than the other countries. It thus remains to be seen which kind of salary system is most suitable in the context of systemic transformation and EU integration, both before and after accession.

### ***3.10. Systems of Training and Development of Civil Servants***

This section examines the training systems in the CEECs under study. Training is among the areas of civil service governance that received the most attention during the preparations for EU accession. In particular, the development of administrative capacity in the *acquis* areas was often discussed with regard to the need of civil servants to acquire policy area-specific skills. It was largely assumed that once civil servants understood how the particular EU *acquis* area worked, the problem of capacity would be resolved. Yet training policies provide a more generic mechanism to develop the "competencies" of civil servants and thus to promote the effectiveness of the civil service. With regard to principles of European public

administration, the Sigma survey paid particular attention to the establishment of training institutions and training programmes and to the regular participation of civil servants in training activities.

On the whole, the analysis shows that post-accession sustainability in the area of training and development has been remarkable, as overall training activities and participation have remained stable or even increased. The funding that CEECs have received from the European Social Fund (ESF) has contributed to the sustainability of civil service reforms in this area. Yet there are important differences with regard to the capacity to deliver effective training policy. Moreover, the strategies and content of training programmes have taken different directions, and some countries, such as Estonia and Lithuania, have moved ahead in devising programmes for the development of senior civil servants' competencies.

### ***Continued investment in the training of civil servants***

#### *Training development and delivery*

Centrally organised training policy differs considerably across the eight new Member States. In **Lithuania**, the Civil Service Department under the Ministry of Interior is in the lead when it comes to the development of training policy. The Lithuanian Institute of Public Administration is the main central institution providing training, but it is also involved in the development and specification of training based on the general guidelines developed by the Civil Service Department. Several ministries have their own training institutions. In addition, ministries and agencies can "buy in" training courses from private firms and from other public providers, including universities.

In **Latvia**, the State Chancellery has gradually taken over the role as the main body preparing and co-ordinating training programmes. However, as outlined above, the Latvian School of Public Administration provides important input into the development of training plans. In **Poland**, training policy is prepared by the Civil Service Department in the Prime Minister's Office. Before accession, this had been the responsibility of the Civil Service Office but, as several of the former staff dealing with training policy were simply transferred to the Prime Minister's Office, continuity in personnel was ensured. Poland is also famous for its National School of Public Administration (KSAP), which was established as early as 1990 to emulate the French *Ecole nationale d'administration* (ENA). KSAP plays an important role as a graduate school for students of public administration, as the government institution responsible for the conduct of examinations for nominated civil servants (and previously for access to the State Staffing Pool), and as general provider of training courses for civil servants.

In **Hungary**, arrangements for the organisation of training policy were changed in 2006/2007. The preparation of general guidelines and the co-ordination of training are now managed by the Public Administration Training Directorate. The development of detailed training plans based on the general guidelines has now been delegated to the new Government Personnel Centre. The Centre will also have a role as training provider, even though there has been a general trend towards the provision of training modules by private sector companies.

The capacity in Hungary for the preparation and delivery of training policy is less developed than in Poland and the Baltic States. In **Estonia**, training policy is not regulated by the Public Service Act. The management of training policy is the responsibility of ministries. However, the State Chancellery has a role to play in preparing and co-ordinating general training guidelines. The implementation of these guidelines, however, is voluntary. Moreover, there is no strong institution for the delivery of general training policy. The Centre for Public Service Training and Development (ATAK) was merged with the Public Service Academy, under the jurisdiction of the Ministry of Interior, in 2005. ATAK remains the largest provider of training for civil servants, but external training providers have traditionally had a strong role in Estonia.

In **Slovenia**, training policy has been developed primarily by the Ministry of Public Administration, with important support and input from the Administrative Academy. Until recently, the Administrative Academy was an organisational unit under the jurisdiction of the ministry. In the spring of 2008, it was re-organised and integrated into the Directorate for Management and Personnel of the ministry. It has become

the Division for Training and Proficiency Examinations in Administration within the directorate and is thus involved in the development and co-ordination of training policy. The delivery of training depends on universities and private sector companies. The re-organisation has involved staff cuts and the extent to which this change will affect training capacity in Slovenia remains to be seen.

Slovakia and the Czech Republic differ from the other countries in that they do not have central institutions responsible for the development and delivery of training policy. In **Slovakia**, general training policy was of course the responsibility of the Civil Service Office, more specifically of the training unit in the Office. This unit was abolished in 2004 when the government adopted a general concept for civil service training. However, the management vacuum only emerged when the Civil Service Office was abolished in 2006. Since then, the responsibility for training policy rests with the ministries, and there is no central institution that is in a position to ensure the basic co-ordination of general training policy. For now, the successor institution of the training unit has been integrated into the Ministry of Labour, but the absence of a central co-ordinating body has inevitably contributed to the disintegration of training policy in Slovakia.

Like Slovakia, the **Czech Republic** has currently no institution in place that is responsible for the central management of general training policy. However, the Institute of the State Administration is a central body organising and delivering EU Presidency-related training (see also below). The Institute was moved from the Government Office to the Ministry of Interior and has been placed under the responsibility of the deputy minister responsible for EU affairs. As a consequence, there is no longer any institution dealing with general training policy for the civil service.

#### *Focus of training programmes*

Apart from the institutional set-up, the new Member States also differ with regard to the focus of training programmes. In both **Slovenia** and the **Czech Republic**, training activities have concentrated on preparations for, and actual management of, the EU Presidency. In Slovenia, the government provided extra funding for the training of civil servants involved in the management of the EU Presidency. There is a risk that preparations for the EU Presidency will absorb too many resources, crowding out other training activities. In the Czech Republic, the displacement of the Institute of State Administration to the unit responsible for EU affairs in the Ministry of Interior follows the same pattern.

EU issues have generally remained at the top of the training agenda since accession. There have usually been fewer seminars that would teach civil servants the basics of the EU political system. New issues have emerged, however. In particular, the management of EU structural funds has been among the most important training activities in basically all countries. Notwithstanding the risk of crowding out other topics, EU issues have therefore – as was the case during the pre-accession period – continued to mobilise central and eastern European administrations with regard to training policy.

Yet the new Member States have also pursued training activities that are not directly related to EU policies. The most important trend concerns investment in the development of senior civil servants' competencies. **Lithuania** has two programmes for senior officials that are part of the administrative reform and civil service training strategy. **Estonia** has effectively three programmes in the context of the Senior Civil Service Competency Framework that target civil servants with varying degrees of experience and varying general managerial skills. The programme was prepared by the Chancellery as a tool to support the selection, development and retention of senior executives. Based on the results of performance evaluations and taking into account Estonia's strategic objectives, a programme called Global Development Trends and Future Estonia is being implemented for top officials with the ranks of secretary general and deputy secretary general. The focus of the programme is on the development of competencies, such as elaboration of a vision for the institution, innovation, and establishment of networks of co-operation. The programme has so far consisted of seminars, study trips abroad, and one-on-one training modules tailored to the individual needs of top officials. The participation among senior officials has been in the area of 70 per cent, which must be seen as a major success when considering the management structure of the Estonian civil service.

The initiatives of the Estonian and Lithuanian Governments reflect a more general concern for the development of more complex skills in the new Member States. So far, training activities have concentrated on relatively basic knowledge, such as the political system of the EU and the structures and procedures of public administration. Training activities of this kind rarely address analytical skills, problem-solving skills of general civil servants, and managerial capabilities of senior officials, which are indeed of critical importance for the performance of the public administration.

Estonia and Lithuania are currently regional trendsetters in this area of civil service governance. They also differ from other countries in that senior officials spend more time in training and other development activities. It is generally difficult to find appropriate indicators for cross-country comparison. However, in **Estonia** senior officials are said to spend some 12 days per year in training. By contrast, senior officials in **Hungary** and **Poland** rarely devote five days a year to training. Moreover, the common complaint in central and eastern European countries is the lack of time of senior officials for participation in training. This lack of time is of course a by-product of the higher levels of politicisation and of senior level turnover in these countries.

### **3.11. *Systems of Rights and Obligations***

This final section examines the systems of rights and obligations in the eight CEECs. Restrictions on civil servants' personal rights belong to the characteristic features of public personnel systems in comparison to private sector personnel systems (Horn 1995). They have played a prominent role among European principles of administration, and are meant to support and maintain the professional ethos of the civil service. Restrictions on political freedoms, for instance, are justified in order to ensure the political neutrality of the civil service. Restrictions placed on the economic activities of civil servants, notably alternative income opportunities in the private sector, are meant to increase the impartiality and fairness of civil servants towards society. In addition, a range of mechanisms has become popular over the last two decades in the context of anti-corruption campaigns, such as codes of ethics and systems related to the disclosure of public officials' wealth. Issues related to rights, duties and ethical behaviour are closely connected to disciplinary rules, which entail a number of sanctions for misbehaviour but also serve to deter civil servants from behaving in a way that is not in accordance with expected legal and ethical standards. In this analysis, the quality of each of the five elements of the systems of rights and obligations is examined.

In general, the eight countries under study reveal a relatively high fit with European principles of public administration in this area of civil service governance. There has been very little change in this area since EU accession, as most of the institutional building-blocks were established before 2004. Slovakia is the only country that has fallen behind in the last few years and that currently shows several gaps in the system of civil servants' rights and obligations.

The generally high level of sustainability is reflected by the formal rules and by civil servants' attitudes towards political neutrality and impartiality. Yet the actual contribution of the establishment of rights and duties, elaboration of codes of ethics and development of systems of wealth declarations to the increase of professionalism in the civil service must be questioned. Moreover, disciplinary procedures remain widely under-used as a managerial instrument. There is thus a need in the future to pay more attention to the effectiveness of the system of rights and duties in the CEECs.

#### ***Systems of rights and obligations between symbolic and substantial effect***

##### *Regulation of civil servants' political activities*

All of the countries under study have regulated the political rights of civil servants. Restrictions on the political activities of civil servants are tightest in Poland and lightest in Latvia. In **Poland** civil servants are required by law to be impartial and politically neutral. They can be members of a political party, but they are not allowed to establish and participate in the work of parties and they are not allowed to manifest their political views in public. By contrast, in **Latvia** there are virtually no restrictions on the political activities

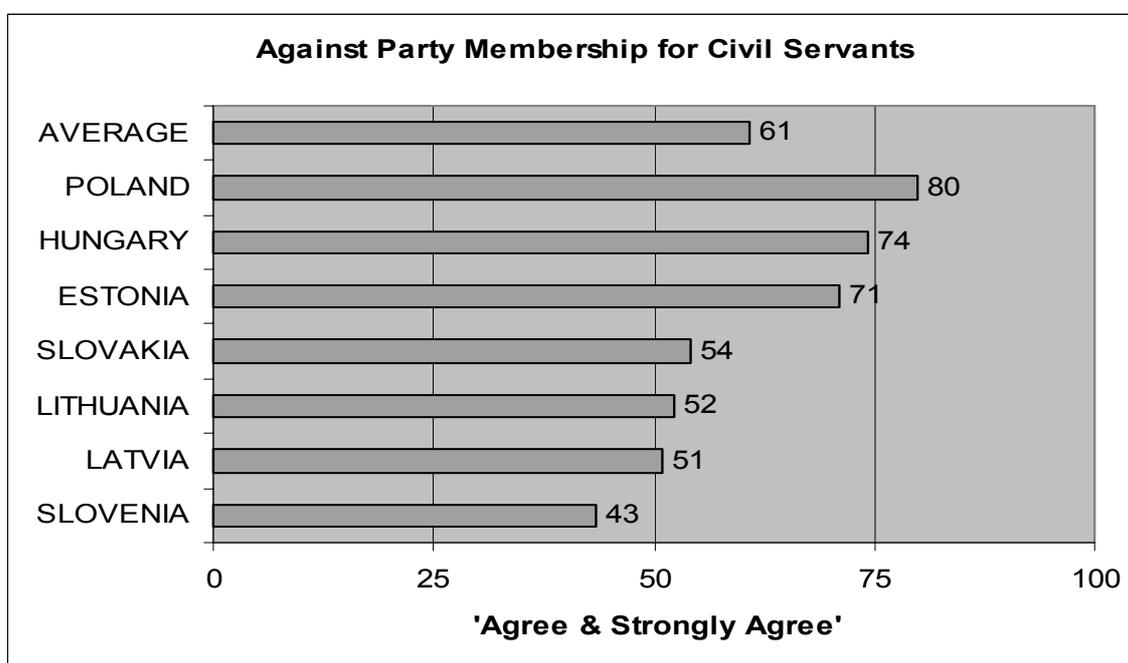
of civil servants. The Civil Service Act requires civil servants to be loyal to all governments and the Act on “Conflict of Interest” explicitly gives civil servants the permission to be party members.

The distinction between Poland and Latvia in particular, as the two extremes in the region, suggests that restrictions on civil servants’ political activities are not particularly relevant for the actual practices of civil service management. As discussed above, Poland has one of the most politicised civil services among the eight new Member States, while the Latvian civil service belongs to the least politicised civil services. The extent to which the regulation of political rights has a substantial effect on personnel policy is therefore questionable.

At the same time, the attitudes of civil servants suggested a preference for tighter restrictions on political freedoms than is currently the case in Central and Eastern Europe. The legal basis in all countries allows civil servants to be members of a political party. In fact, the legal basis even makes it possible sometimes to be both a functionary and a party activist. For instance, in Lithuania, a civil servant may not be the treasurer of a party but he/she may assume another role in the party.

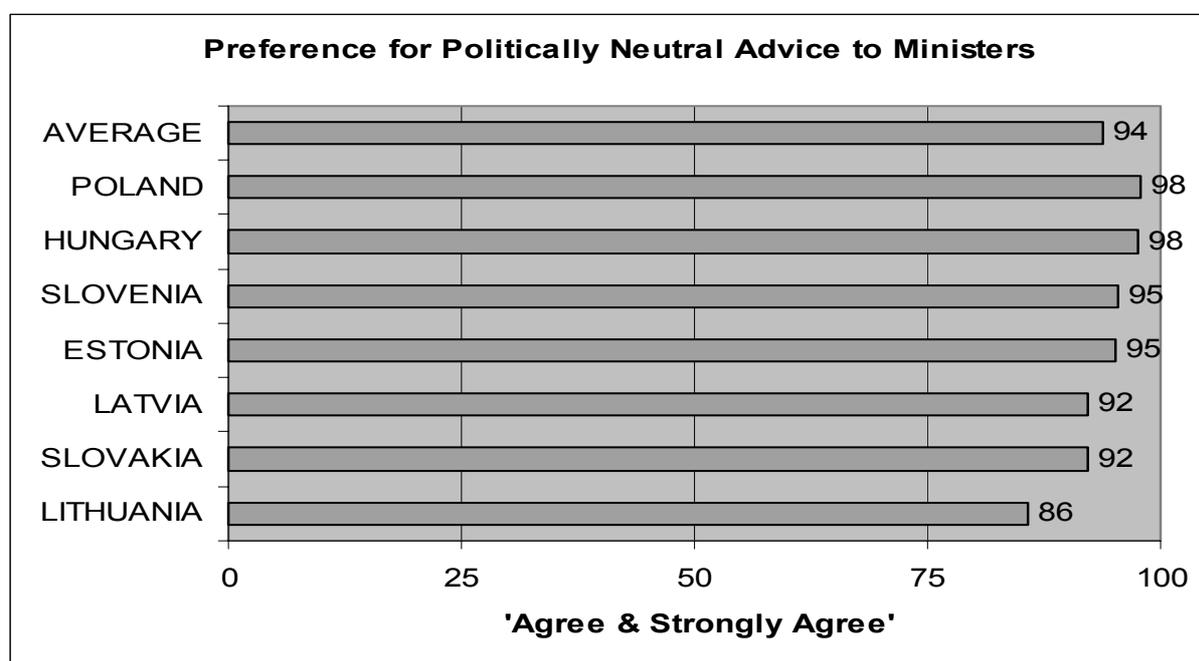
Responses to the Sigma survey suggest, by contrast, that civil servants consider even party membership to be incompatible with their role as civil servants<sup>36</sup>. In Poland and Hungary the objection to party membership is by far the highest, which stands in contrast to the actual practices of personnel policy in the two countries. The discrepancy between the practices of personnel policy and the attitudes of civil servants could indicate major dissatisfaction with the status quo in the two countries. However, the positive attitudes of civil servants towards the principle of political neutrality suggests much better prospects for the de-politicisation of the civil service in countries that are currently subject to a very politicised personnel policy.

*Figure 20. “Staff in the ministry should generally not be members of any political party (apart from the minister and his/her personal advisors).”*



<sup>36</sup> European principles do not imply the incompatibility of party membership and employment in the civil service. However, for methodological purposes, the question indicates the intensity of civil servants’ attitudes vis-à-vis the principle of political neutrality.

Figure 21. “Staff should provide objective advice based on their expertise in the field to their minister even if they disagree with the political views of the minister.”



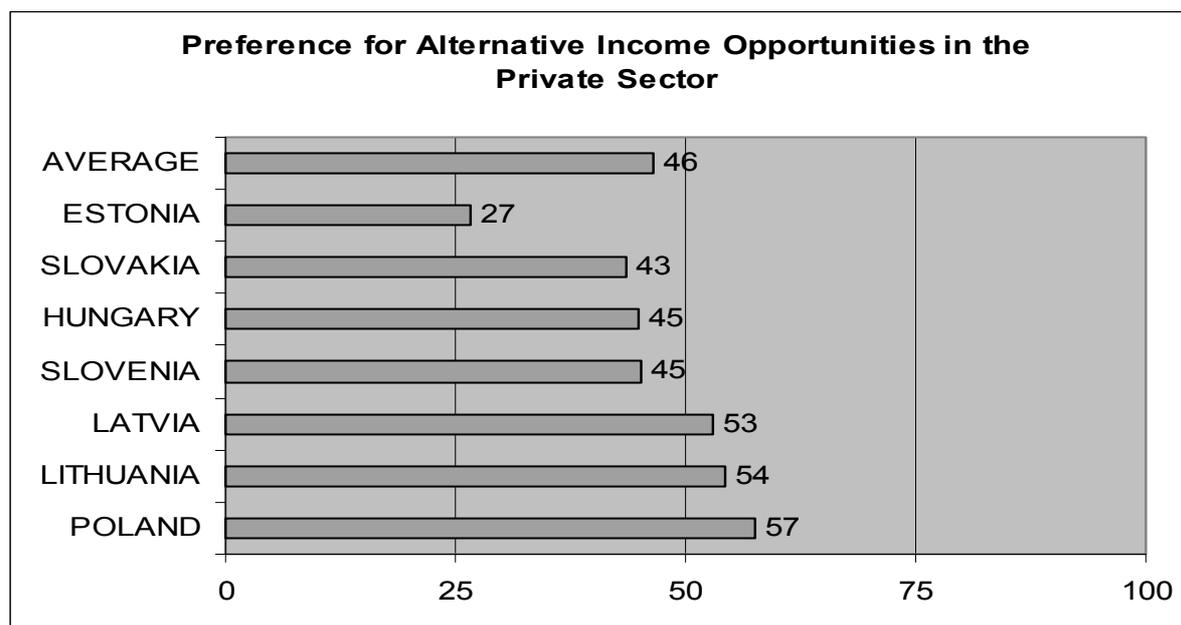
*Regulation of civil servants' economic activities*

All new Member States in Central and Eastern Europe restrict the economic activities of civil servants. It is typical that economic activities that could create conflicts of interest are disallowed. Employment in commercial corporations is usually prohibited unless the appointment has been made by a state authority. It is usually made explicit that officials are not allowed to draw any income from companies that are within the scope of their own authority, as this would clearly cast doubt on their ability to be impartial. At the same time, civil service laws and/or conflict-of-interest laws make it possible for civil servants to pursue paid activities in the higher education and cultural sectors, journalism and the arts.

Relevant differences come into play only with regard to the arrangements that regulate the post-career employment of civil servants. Here, Slovakia and the three Baltic States, especially Estonia, have restrictive rules, disallowing employment for up to three years after leaving office in a company in which employment would have been incompatible during the civil servant's term in office. By contrast, there are no restrictions at all in countries such as Poland, Hungary and the Czech Republic.

Contrary to the area of political rights discussed above, there is much less support among civil servants for the restriction of economic activities outside the civil service. Almost 50 per cent of the civil servants who participated in the Sigma survey considered employment in the private sector to be compatible with employment in the civil service. Bearing in mind that Max Weber made exclusive employment in the civil service a characteristic feature of modern bureaucracies, this is an impressive departure from classic European principles of public administration. Further analysis is required to determine the reasons behind this strong support for alternative employment opportunities. The low salaries of civil servants in the CEECs (see above) are one of the likely reasons for this pattern.

Figure 22. “It is acceptable for staff in ministries to have second income opportunities in the private sector.”



#### *Systems of wealth declaration*

The new Member States have retained or established systems for the disclosure of civil servants' wealth. Slovenia is the exception here, as it is the only country that has no such system. Even the **Czech Republic** has adopted a system for the declaration of assets in the context of the amendment of the Act on Conflict of Interest. The details of the regulations on the declaration of assets differ of course from one country to another. For instance, in **Hungary** the system of property declaration is now managed by the Civil Service Department in the Prime Minister's Office, while in **Lithuania** this is done by an Ethics Commission.

Yet the greater problem concerns the view that systems for the disclosure of civil servants' wealth are ineffective. Personal interviews and observers' reports indicate that wealth declarations are typically seen as formalities (Estonia), that the information is not really used (Lithuania), and that they fail to reduce corruption risks. Instead, they are seen as having merely a symbolic value. At the same time, other related initiatives have been more effective. For instance, in Estonia it has recently become compulsory for ministries to publish the salaries of their employees on their website. This initiative has been popular, and the information is regularly accessed and discussed by the media. For an asset declaration system to be effective, it may therefore be necessary to take a more radical approach to transparency than has so far been the case<sup>37</sup>.

#### *Codes of ethics*

The effectiveness of codes of ethics can be questioned in a similar way. These codes were popular with CEE governments in the late 1990s and early 2000s. Only the **Czech Republic** and **Slovakia** have no code of ethics<sup>38</sup>. However, in the Czech Republic there is the Law on Conflict of Interest, which implies that guiding principles on the ethical behaviour of public officials are not completely lacking. In Slovakia, there have been several attempts to establish a code of ethics, but due to the lack of management capacity it has not been possible to progress very far in this area.

<sup>37</sup> For a comprehensive analysis of wealth disclosure obligations, see Sigma 2006.

<sup>38</sup> In Lithuania, there has been some debate as to whether the “Ethical Rules” can be classified as a proper code of ethics; see Palidauskaite et al. 2007.

As in the case of asset declaration, there is a sense of ineffectiveness when discussing codes of ethics. In most cases, violation of the code of ethics can be subject to disciplinary sanctions, but it is often difficult to distinguish precisely when a certain type of behaviour violates an ethical principle and when it does not. It is therefore questionable and would require further research to determine how important codes of ethics have been so far in terms of actual behavioural practices in the public administration. At the same time, evidence from CEE suggests that a code of ethics plays an important symbolic role for the civil service as a charter and mission statement. As such it can be used for training courses in public service ethics and for raising awareness and deliberation to promote civil servants' consideration of who they are and who they want to be.

*Limited use of disciplinary procedures*

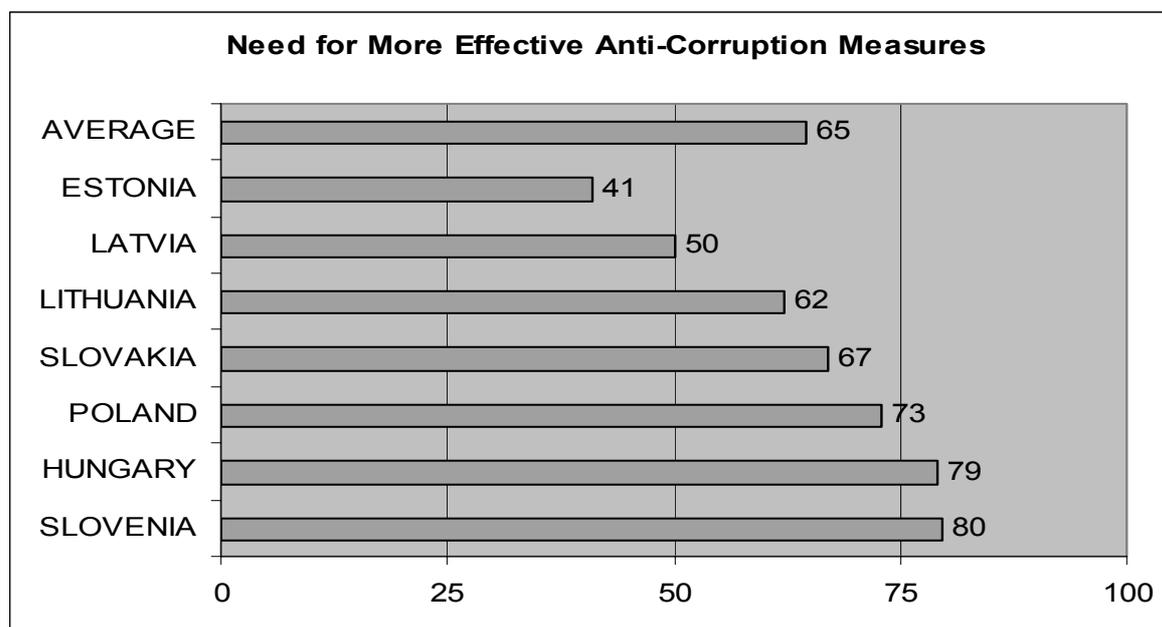
Disciplinary codes have an important complementary role in the discussion of civil servants' rights and duties and of the standards of good behaviour. In the new Member States, these codes have rarely been a bone of contention. Nonetheless, no disciplinary code for civil servants currently exists in **Slovakia**, and the situation is uncertain in **Slovenia**. In Slovakia, the disciplinary code had been part of the civil service law, but in the context of the 2006 reform this chapter was removed from the law and so now there is effectively no code at all. In Slovenia, the details of the disciplinary code were also taken out of the civil service law and were supposed to be regulated by a government decree. As this decree has not yet been adopted, the old disciplinary code remains in effect, but the legal situation in this regard is far from certain. In all of the other countries, disciplinary codes are usually regulated in considerable detail.

However, there are considerable differences with regard to the relevance of disciplinary codes for the actual practices of civil service management. In **Lithuania** and **Latvia**, the codes are important tools when civil service managers want to initiate the dismissal of senior civil servants. The initiation of disciplinary proceedings would not necessarily lead directly to a dismissal, but it would inevitably put pressure on civil servants. In Latvia, for instance, such a measure even affected the Head of the Civil Service Administration and officials within the office after disagreements with members of the government over the handling of complaints and pending disciplinary actions. By contrast, in the other countries, it is less relevant to apply disciplinary measures against senior civil servants, as these officials can usually be dismissed relatively easily.

In *conclusion*, post-accession sustainability has been relatively high in this area of civil service governance. Some questions have arisen over the future of disciplinary codes in Slovakia and Slovenia, but the general picture is positive. Important questions nevertheless concern the effectiveness of these rules and restrictions in terms of their impact on the actual practices of civil service policy and on the behaviour of civil servants in the execution of public policy. The regulation of political activities often deviates from the practices of personnel policy; economic activities may be regulated, but civil servants show only limited support for the parallel restriction of employment in the private sector; systems of wealth declaration tend to lack management and enforcement capacity; codes of ethics seem to mainly have a symbolic value; and disciplinary codes tend to be under-used in practice.

The critical perspective with regard to the effectiveness of regulations in this area of civil service governance is reflected in the general view of civil servants concerning the effectiveness of anti-corruption measures in their countries. The regulation of civil servants' rights and duties is of course only one among several mechanisms to fight corruption. Bearing in mind this qualification, almost two-thirds of the respondents to the Sigma survey were in favour of more effective anti-corruption measures. The responses from Slovenia, Hungary and Poland are especially striking, as they indicate very little trust in the capacity of governments to fight corruption with the tools they currently have at hand. The fight against corruption and above all the search for effective anti-corruption instruments will therefore remain an important area for the future development of CEE civil services.

Figure 23. "Our civil service should have more effective anti-corruption instruments."



#### 4. Comparative Discussion and Conclusion

This paper has analysed the post-accession sustainability of civil service reforms in eight CEECs. It has examined the pathways that civil service developments have taken since accession in 2004 and the extent to which civil service systems fit European principles of administration as promoted by the EU during the pre-accession period. There is no simple answer to these questions. The analysis has shown much diversity in the way in which civil services are managed and in the way in which they have evolved since the CEECs gained EU membership. In short, the CEE region cannot be regarded as one world of civil service governance. However, it is possible to explore whether general patterns can be identified to characterise the similarities and differences of the CEE civil services.

Accordingly, this part starts with an examination of the patterns that emerge from the comparison across domains of civil service governance, the comparison across the three levels of institutionalisation that we discussed for most domains, and the comparison across the eight countries under study in this paper. The last two sections of this part explore issues that arise from the findings, as presented in the paper. They examine civil service developments in the new Member States with regard to the assumptions underlying the European Administrative Space, classic models of public administration, and the new public management. The last section draws attention to the determinants of post-accession civil service developments. It pays particular attention to the contribution of EU policy to post-accession reform sustainability in the new Member States in comparison to domestic determinants of post-accession reform sustainability.

##### 4.1. Comparison across Domains

For the examination of post-accession sustainability, we "unpacked" the civil service into 11 domains of civil service governance. The analysis revealed considerable variation across domains in terms of their current fit with European principles of administration and in terms of the direction of change since 2004. The classification in this section is based on the analysis in the previous part of this paper. It takes into account the analysis of the survey data, the analysis of legal material, and the insights gained in the context

of personal interviews. It is thus important to note that the classifications are *not* exclusively based on the survey data but rely on various sources of empirical information.

With these qualifications in mind, we can broadly cluster the 11 domains into five groups, which differ in terms of their current fit with European principles of administration and in terms of the direction of change that the development has taken since 2004.

(1) The first group includes the areas of open competition, training policy and systems of rights and obligations. On average, these three domains demonstrate a higher degree of fit with European principles than the other eight areas discussed in this paper. Moreover, the development since accession has remained largely stable and even slightly positive in the areas of open competition and training policy. In other words, this group displays a high degree of post-accession reform sustainability.

Open competition comes out as the only area of civil service governance that can be seen as highly compatible with European principles of administration. The high fit with European standards applies to almost all countries and across all three levels of institutionalisation. The Czech Republic is the only country that falls short of reaching at least an intermediate level of compatibility<sup>39</sup>.

Training policy and systems of rights and duties also reach a fairly high degree of fit with European principles of administration. Only Slovakia and the Czech Republic score low with regard to training policy, mainly due to the disintegration of central training policy and training institutions over the last few years. Slovakia is also currently the only country that fails to reach at least an intermediate level with regard to the system of rights and obligations. For the system of rights and obligations, we examined the restriction of civil servants' political and economic activities, the code of ethics, systems of wealth declaration, and the quality of disciplinary procedures. For Slovakia, the absence of a code of ethics and the legal vacuum with regard to disciplinary systems indicate significant gaps in this area of civil service governance.

The funding received from the Transition Facility Instrument and from the European Social Fund (ESF) has contributed to post-accession sustainability in this area of civil service governance. However, the long-term effectiveness of ESF support for training policy remains to be seen. Moreover, the new Member States will need to increase investment in the development of effective training programmes in the future.

The generally positive evaluation of the systems of rights and duties is more ambiguous. Most of the relevant institutions were already in place before accession, and few major changes took place after accession. However, the effectiveness of formal regulations in this area remains contested, and this will be an important area for development in the future.

(2) The second group refers to domains that have been subject to constructive reform efforts since accession, but the fit with European standards remains low. The trajectory applies to the area of salary systems. Only the salary systems in Lithuania, Hungary and Slovenia reach an intermediate degree of fit with European principles of administration, which indicates that increased efforts to strengthen the salary system will be needed in the future. Yet the trend for the region is positive, as Poland and the Czech Republic were basically the only countries that did not invest in their salary systems since accession, while Slovakia had done so in 2003, just before accession. The degree of post-accession reform sustainability must therefore be considered as positive but still not sufficient.

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<sup>39</sup> It should be mentioned again that we adopted a narrow conception of open competition, i.e. the advertisement of job vacancies in the civil service. If we had included mechanisms of examination and candidate selection into our concept of open competition (rather than discussing them separately below), we would no longer be able to classify this domain as a high-fit domain of civil service governance.

(3) The third group includes domains with a negative trend since accession and a relatively low degree of fit with European principles. The systems of entrance examinations can be classified in this group of domains. At present Lithuania is the only country with a more or less functioning examination system, in particular a written examination that is to be taken before joining the civil service. In Slovakia the effectiveness of the examination system has been widely doubted. In the other countries, written exams either never existed or they have been abolished (or it is planned to abolish them). It remains to be seen whether the deregulation of entrance examination systems will become a permanent feature of divergence from European standards of administration and will form the basis for some kind of CEE exceptionalism.

(4) The fourth group includes domains that are best characterised by a large degree of variance across the eight CEECs. In some countries, these domains demonstrate a high degree of fit with European principles of administration, while in others the degree of fit is low or at an intermediate degree. Moreover, the post-accession pathways point in different directions in each of the eight countries. This group of domains includes the domain of administrative and civil service reform programmes, the domain of central civil service management, and the domain of performance evaluation.

Administrative and civil service reform programmes were strong in Lithuania, Latvia and Hungary, while the other countries made much less progress. This indicates that government commitment to civil service reform was generally weak during the early days after accession but recent, if incipient, initiatives – even in countries like the Czech Republic and Slovakia – indicate a new interest in the development of public human resources in the region.

Central management structures have also been identified as diverse in location, capacity and stability. Yet some general trends were evident. So-called independent civil service offices turned out to be unviable in the region, as those that had existed before accession were weakened or dismantled. Instead, there has been a modest shift towards involvement of prime minister's offices and chancelleries in countries such as Latvia, Hungary, Poland and even Slovakia<sup>40</sup>. As in the area of civil service reform programmes, this shift could indicate a growing awareness of the strategic importance of personnel policy in making the government work effectively.

The quality of performance evaluation systems again differs a great deal across the region. Countries such as Poland and the Czech Republic have hardly started to engage in this aspect of civil service governance. Hungary, by contrast, has recently invested in the development of a new, state-of-the-art performance evaluation system, but its connection to the salary system has in particular created major tensions within the administration. The future development of performance evaluation systems will thus depend to a large extent on the quality of the linkages to other areas of civil service governance, such as the salary system, but also to general government performance management systems.

(5) The final group includes the domains of senior civil service politicisation, job protection, and the quality of the formal-legal frameworks governing the civil service. In these domains a large degree of variation across countries also shows, but the post-accession trend has, on average, been negative when evaluated against the European principles of administration. None of the eight countries has demonstrated reform progress in these areas since accession.

The negative trajectory of the countries concerning this group since accession is especially puzzling when considering how much importance the Commission attached to these domains. Civil service laws, for instance, were often seen as the very essence of EU preconditions in the area of civil service reform. Civil service laws have not been revoked after accession but the

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This trend corresponds to the general attempts to provide for the core executive and to build up more capable centres of government in many CEE countries (Dimitrov et al. 2006, Goetz/Margetts 1999).

quality of legislation has declined. Laws have been unstable and several countries have experienced major amendments, which has undermined the legal predictability of civil service management. The quality of implementation remains questionable, especially in countries such as Estonia, Slovakia and Slovenia. The deregulation of civil service laws in the latter two cases has effectively created gaps in the legal basis of civil service management.

Moreover, the scope of civil service laws has often been reduced to facilitate political intervention in civil service policy. There is thus a close relation between the quality of the legal basis and the increasing politicisation of the senior civil service and a decreasing protection of civil service jobs, especially at senior level. Politicisation reaches deep into the ministerial bureaucracy in Hungary, Poland and Slovakia. In all three cases but also in Slovenia, politicisation has increased since accession. The re-politicisation of the civil service in these countries has gone hand in hand with the deregulation of the protection of senior officials from political dismissal. At present, only the three Baltic States demonstrate a basic degree of de-politicisation and stability at the senior level of the central government administration.

The findings raise of course a number of critical questions, in particular: why are some domains, such as open competition, characterised by high standards in basically all countries; why is the fit with European principles generally low in domains such as examinations and salaries; and why have some domains come to exhibit a large degree of cross-country variation.

#### 4.2. *Comparing Levels of Institutionalisation*

In contrast to the differences between domains of civil service governance, it is more difficult to estimate how deeply European principles of administration are entrenched in CEE administrations and to what extent the development has been positive since accession in 2004. In our analysis we examined the legal basis of civil service governance, the actual practices of civil service management, and the attitudes of civil servants towards various principles of personnel management. With regard to the legal basis, we were able to gain a relatively clear picture of the development since accession. Personal interviews have also given us insights into the evolution of personnel practices in the CEECs, while the Sigma survey provided insights into the status quo in the spring and summer of 2008. By contrast, with respect to the attitudes of civil servants, we cannot say much about the development since accession, as the Sigma survey does not enable us to explore the evolution of attitudes over time. With these caveats in mind, we can make at least three general observations to capture the depth of institutionalisation of European principles in the CEECs.

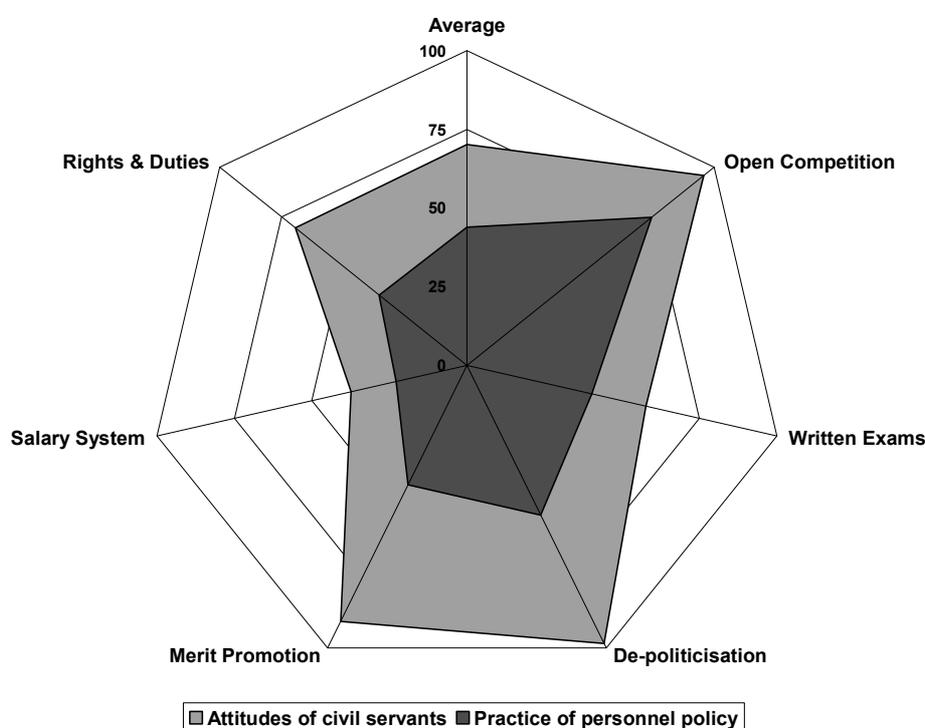
(1) **The fit with European principles of administration tends to be higher for formal rules than actual practices of personnel policy, a fact that has been often labelled as the “implementation gap”.** In a number of cases, the legal basis was not applied or not fully applied, or the legal basis and actual practices of personnel policy did not match. Estonia is a case in which the legal basis and the actual practices of civil service policy are occasionally seen as two different worlds. This applies especially to the salary system in Estonia. Implementation of the performance evaluation system has often been criticised, in particular in Poland. The examinations system in Slovakia delegates discretion to examiners and selection committees, which undermines the effectiveness of the examination process. Systems of civil servants’ rights and obligations are often strong on paper but lack teeth in practice. While the list of examples could be extended, it has been evident that European principles of administration are least institutionalised at the level of personnel policy practices.

(2) **The gap between formal-legal frameworks and practices of personnel management has been reduced since accession.** It has been argued that the discrepancy between legislative intent and actual practice is one of the characteristic features of executive governance in CEE (Goetz/Wollmann 2001, Meyer-Sahling 2006a). Before accession, it was common to find senior officials who were formally classified as professional, permanent civil servants but who were

highly politicised in practice. The change in the scope of civil service laws and greater political discretion over political appointments and over the dismissal of senior officials in Hungary, Poland, Slovakia and Slovenia have reduced the general fit of these civil service systems with European principles of administration. They have nevertheless also increased the congruence between formal rules and actual practices of personnel management in these countries.

(3) **The attitudes of civil servants towards European principles of administration are ambiguous (see Figure 24 below).** On the one hand, it has become evident that attitudes towards some European principles are extremely positive. In fact, the evidence from the Sigma survey suggests that civil servants' attitudes fit European principles of administration even more than formal rules governing the civil service. However, we have to acknowledge that it is difficult to compare the attitudes with regard to European principles of administration and actual personnel management practices.

*Figure 24. Fit of Personnel Practices and Civil Servants' Attitudes with European Principles: Comparison across Domains Based on Survey Data*



The positive attitudes of civil servants are clearly marked in areas such as open competition, the need for civil service laws, and aspects related to the de-politicisation and professionalisation of the civil service. Civil servants are critical of party patronage, party membership in the civil service, promotion on the basis of political connections, etc. Yet Figure 24 indicates that the attitudes of civil servants have tended to be most positive in countries that are subject to higher levels of politicisation. This shows, first of all, a systematic lack of congruence between practices and attitudes in countries such as Hungary, Poland, Slovakia and Slovenia for the de-politicisation-related questions in the survey, while the degree of congruence is greater for the three Baltic States. However, the differences can of course also indicate dissatisfaction of civil servants with the status quo in the first group of countries.

Even if the survey results may be influenced by the emotional response of civil servants in some of the eight countries, the highly positive attitudes of civil servants in general in these areas of civil service governance can be considered to be good news in many respects. They contradict the suspicion that formal rules match European principles of administration, while civil servants' values do not. This was often

expected by arguments surrounding the “shallow Europeanisation” of CEE administrations (Goetz 2005). The high support for professionalism and de-politicisation also diminishes the fear that the values and norms that characterised the communist administration have persisted to the present day.

On the other hand, the analysis has shown that civil servants’ attitudes are less positive with regard to areas such as the protection of civil service jobs, the examination of candidates at the port of entry, and most aspects relating to salaries and rewards. In these areas, civil servants’ attitudes show a clear preference for managerial discretion as opposed to personnel management on the basis of administrative rules and procedures. Civil servants who participated in the survey favoured more discretion for managers to hire and fire civil servants, were reluctant to support standardised examination systems, and took a positive stance vis-à-vis performance-related pay methods and the delegation of discretion for the allocation of bonuses to managers.

On average, the attitudes of the surveyed civil servants in the new Member States seemed to be in favour of a civil service system that combined de-politicisation and managerial discretion rather than de-politicisation and the minimisation of discretion in the hands of civil service managers. The formula that seems to be generally favoured by the CEE civil servants surveyed is thus closer to the principles of the new public management than to those of the European *Rechtsstaat* tradition, as reflected in the EU Treaties and interpreted by the European Court of Justice.

This partial misfit of civil servants’ attitudes with European principles of administration may be the result of a generational change, in that young civil servants, who make up a comparatively large proportion of all civil servants in the CEECs, share a more performance and flexibility-oriented outlook than the older generation<sup>41</sup>. Yet alternative explanations are conceivable. It is possible that discretionary powers awarded to managers are seen as a mechanism to compensate for generally low salaries, since managerial discretion may be used to raise the salaries of certain individuals. The preference for managerialistic approaches may also reflect a generally positive attitude towards the private sector and the market in post-communist societies, while the state and the public sector have been viewed critically ever since the beginning of the economic transition.

It is also conceivable that the positive attitude towards managerialistic approaches is related to the EU integration process. In particular, the heavy emphasis on deadlines and the need to deliver results during the pre-accession process may well have contributed to the emergence of a managerial culture in the CEE ministerial bureaucracies that favours rapidity over due procedure and that has persisted beyond the date of accession. All of these considerations are hypotheses that require further investigation in the future.

#### 4.3. *Comparison across Countries*

Both previous forms of comparison stressed that cross-country variation was relevant for many but not all aspects of civil service governance. When focusing on the comparison between countries, what have been the pathways since accession and to what extent have contemporary CEE civil services institutionalised European principles of administration?

Table 2 suggests that we can, by and large, distinguish three groups of countries. They vary in terms of the current fit with European standards of administration and in terms of the professionalisation trajectory since EU accession. The classification includes again the broad range of empirical sources used in this paper.<sup>42</sup> The comparison of Table 2 and Figures 26 and 27 shows a relatively large overlap in the ranking and classification of countries. Only Hungary would have to be classified lower if we had relied

<sup>41</sup> This effect would become stronger if the young civil servants are over-represented in the survey. For potential biases, see the appendix.

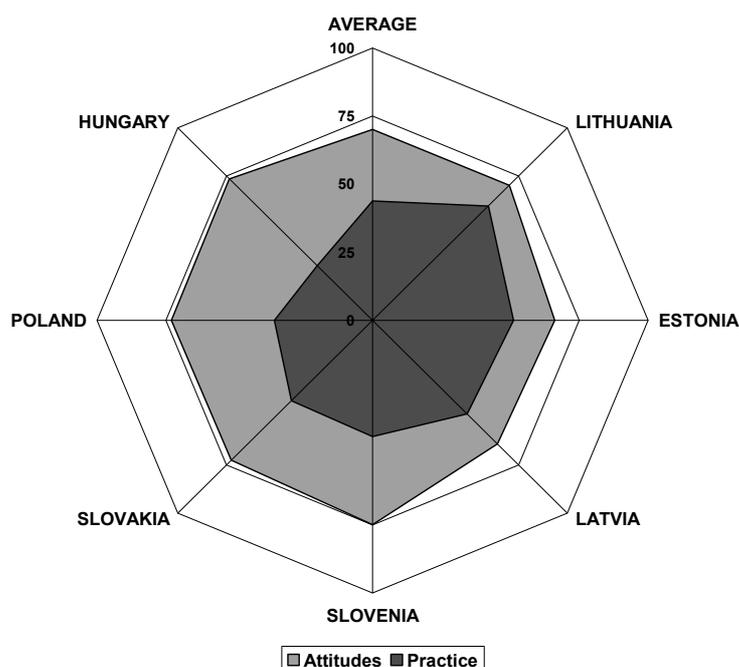
<sup>42</sup> The broad approach, which does not only rely on the Sigma survey, also allowed us to include the Czech Republic in the classification.

exclusively on the survey data as opposed to viewing the broader picture that includes additional empirical information and additional domains of civil service governance.

*Table 1. Fit with European Principles of Administration: Comparison across Countries*

Current Fit & Post-accession pathways	High fit	Medium to high fit	Medium fit	Medium to low fit	Low fit
Constructive continuation of reform	Lithuania	Latvia Estonia			
Constructive reform reversal			Hungary Slovenia		
Destructive reform reversal				Slovakia Poland	Czech Republic

*Figure 25. Fit of Personnel Practice and Civil Servants' Attitudes with European Principles of Administration: Comparison across Countries Based on Survey Data*



(1) Bearing in mind these qualifications, the first group comprises the three Baltic States. Lithuania, Latvia and Estonia reach a relatively high degree of fit with European principles, and the trajectory since accession has been positive. In other words, the post-accession sustainability of civil service reforms has been highest in these three cases in that investment in the professionalisation of the civil service has continued since accession.

**Lithuania's** civil service demonstrates the closest fit with European principles of administration in comparison with the other new CEE Member States, and it is the only case that can be classified as a "high fit". The civil service of Lithuania comes out with the highest score in almost all of the domains of civil service governance that were discussed above. This finding applies consistently to

the results of the Sigma survey, and it is reflected in the legal framework governing the civil service and in the insights gained in the personal interviews<sup>43</sup>.

Lithuania has also the best post-accession record. With the continuation of reforms, the strengthening of the central management capacity in the Ministry of Interior, further investment in training policy, and the strengthening of the performance evaluation system, Lithuania has progressed in more areas of civil service governance than all of the other countries in the region.

Although Lithuania comes out as the best performer in this discussion, it cannot be taken for granted that the high fit with European standards will necessarily persist in the future. The civil service can be classified as consolidated but remains vulnerable. The outcome of the recent parliamentary elections and the formation of a new government coalition from the other side of the political spectrum will test the resilience of the Lithuanian civil service system. There are already signs that political pressure on the civil service is increasing, thereby putting at risk some of the achievements of the last decade of civil service reform in Lithuania.

**Latvia** also comes out as relatively high in terms of the fit with European principles of administration. Yet in several areas Latvia does not match European standards very well. This concerns especially the lack of standardised elements in the examination system and the persistence of highly discretionary elements in the salary system. Post-accession salary reform has arguably been one of the most positive examples in the region, but the retention of management contracts and extremely wide ranges for the determination of basic salaries continue to contradict basic principles of European administration.

Like Lithuania, Latvia also shows a positive development since accession. The reform of the salary system, improvement of the performance evaluation system, and continued investment in the development of reform programmes indicate progress in at least three areas of civil service governance.

The classification of **Estonia** as a case of relatively high fit and as a case of high reform sustainability is ambiguous. Estonia's civil service has several distinct weaknesses, including the fragmentation of central civil service management and co-ordination structures, the absence of a written examination system, and the great discrepancy between the legal text and the actual practices of civil service management, especially in areas such as the salary system. Yet Estonia scores high in most other dimensions and the responses to the Sigma survey indicate a remarkable entrenchment of the principles of professionalism and political neutrality in the Estonian civil service.

There are also doubts with regard to the classification of Estonia's post-accession trajectory as sustainable and as a case of continued investment in civil service professionalisation. Estonia made major progress in the mid-1990s, but it never succeeded in passing a significant civil service reform after the EU accession process began with the publication of the Commission's Opinions in 1997. The absence of a major overhaul of the civil service system after accession can thus be seen as a form of stagnation. However, the deadlock over civil service reform may be broken due to the recent preparation and submission of a reform proposal. Moreover, the Estonian administration developed a number of important and innovative initiatives in areas such as the salary system and training policy, which were followed up on the ground even without a major change of the formal-legal framework governing the civil service system.

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<sup>43</sup> This is not to say that the Lithuanian civil service has no weaknesses. The salary system will need further investment and the examination system will need to be revised in order to increase the screening effectiveness of the written part of the examination. The effectiveness and contents of the training programme have also been subject to criticism by insiders and external observers alike.

(2) The second group comprises Slovakia, Poland and the Czech Republic. These three countries have in common their relatively low fit with European principles of administration and the signs that they have all shown of reform backsliding since becoming EU members in 2004. In all three cases, we observed the dismantling of institutions that had been built before accession, without any new institutions being established in their place. In other words, the post-accession sustainability of civil service reforms of this group has been low and professionalisation has declined, and for those reasons these three countries are cases of destructive reform reversals.

The **Czech Republic** is the civil service reform laggard among the new Member States, as it comes out as the weakest performer in almost all domains of civil service governance. The exception is the system of civil servants' rights and obligations, for which the Czech civil service reaches an intermediate degree of fit with European standards. For the Czech Republic, we have no data from the Sigma survey, but the large number of interviews that we have to draw on allows us to classify the Czech development in comparison to the other countries. The low fit with European principles of administration is, to a great extent, the result of the lack of a civil service law and thus the lack of adequate formal rules that would enhance legal accountability and predictability as well as homogeneity of standards and procedures across government institutions. For the time being, the Czech civil service remains a collection of distinctive personnel management systems. An important shared feature of the various Czech civil services is the high degree of "informalism" in almost all areas of civil service management.

The low degree of compatibility with European standards is not a new phenomenon in the Czech Republic because the civil service law was not implemented before accession either. However, the development since accession can be best classified as a form of reform backsliding from an already very low level. The virtual absence of an integrated civil service reform programme (at least until recently), the dissolution of the General Directorate of the Civil Service in the Government Office even before it started to work properly, and the displacement of institutions for the development and organisation of training have reduced the prospects of moving closer to European principles of administration in the near future.

The status quo in both the Slovak Republic and Poland is closer to European standards of administration than in the Czech Republic, but neither country can currently be classified as having an intermediate degree of fit with those standards. Civil service management in **Slovakia** is based on the Civil Service Act and demonstrates a reasonable degree of strength in areas such as open competition, examinations and performance evaluation. Yet even in these areas there is often a considerable discrepancy between legal intention and actual practice.

Slovakia stands out as the country that has made the greatest step backwards since accession when evaluating the civil service's fit with European principles of administration. Before accession, there were arguably concerns over the quality of implementation of many legal provisions. Moreover, the reform of the salary system in 2003 deregulated the system by introducing performance-related pay measures without designing adequate procedures for the allocation of bonuses. In other words, the departure from European administrative principles began already before accession. However, since the reform of 2006 there has been a steep decline, in particular due to the abolition of the Civil Service Office and the emergence of a managerial vacuum at the centre.

The **Polish** civil service has taken a trajectory that is very similar to that of Slovakia. However, the Polish civil service still has a few distinct strengths, which can also be expected to provide the foundations for the reconstruction of the civil service in the future. The central management structures remain uncertain, but they have regained some of their action capabilities. The National School of Public Administration and the nominated civil service remain the professional backbones of the Polish Government, and other areas, such as the system of open competition and the systems of rights and obligations, are relatively well entrenched.

Yet the trajectory since accession has initially contributed to the growing gap between European principles of administration and the way in which the Polish civil service has been managed. The abolition of the Civil Service Office meant that the guardian of professionalism and de-politicisation disappeared from the scene. The introduction of the State Staffing Pool and the conversion of senior civil servants into political appointees contributed to a re-politicisation of the civil service and introduced a great deal of insecurity and uncertainty among civil servants. The Polish civil service therefore also scores poorly with regard to the sustainability of civil service reforms after accession.

As in the case of Slovakia, it could be argued that Poland's departure from European standards began already before accession. In particular, amendment of the civil service law in 2001 by the then incoming Miller Government opened the gates for the re-politicisation of the civil service. Senior personnel policy practices followed soon thereafter, and so the changes that were introduced in 2005 and 2006 were largely a continuation of a re-politicisation trend that had started well before accession. The reforms that are being prepared at the time of writing suggest that the Polish civil service is already undergoing its next reform reversal. The abolition of the State Staffing Pool and the reintegration of director positions in the scope of the civil service will bring the Polish civil service back on track from the perspective of European principles of administration.

(3) The third group of countries comprises Hungary and Slovenia. Civil service systems in both countries demonstrate strengths in some areas and weaknesses in others. Moreover, the development since accession points in various directions in that progress in some areas has been combined with forms of reform reversals in others. The post-accession sustainability of civil service reforms is therefore ambiguous in light of the conceptual discussion in Part 2 of this paper. Given this development, these two countries are best labelled as cases of constructive reform reversals, while overall professionalisation levels have hardly changed.

The recent trajectory and the current set-up of the civil service in **Hungary** combined demonstrate the greatest contradiction in the region. In the Sigma survey, Hungary came out almost consistently as the worst performing country in the region (bearing in mind, however, that the Czech Republic did not participate in the survey). These results reflect the low fit with European principles in areas such as entrance examinations, politicisation of the senior civil service, low levels of job protection for senior officials, and the ambiguities built into the salary system. However, it has to be recognised that the fit of the Hungarian civil service system is higher with regard to areas of civil service governance, such as the development of a strong reform programme and the system of rights and duties. Moreover, the system of open competition and the performance evaluation system are contested and uncertain for the time being, but at least on paper they have received a significant boost over the last two years.

Most contradictions stem from the civil service reform pathway since accession. On the one hand, it has been evident that the instability and politicisation of the civil service in Hungary have been growing almost continuously since the mid-1990s (Vass 2001, Meyer-Sahling 2006b, 2008). Accession was not a critical juncture in this regard, but politicisation continued to rise after the change of prime minister from Medgyessy to Gyurcsány in 2004 and again after the Gyurcsány government was confirmed in the 2006 elections. The conversion of senior civil service positions into political appointments in 2006 confirmed this trend. In fact, the poor showing of the Hungarian case in the Sigma survey reflects the continuous deterioration in the quality of civil service governance over the last ten years and especially over the last five years. The survey results for Hungary correspond closely to the insights that were gained during personal interviews carried out in the spring and summer of 2008. On the other hand, Hungary has attempted the most radical reform among the CEECs during the post-accession period. The outcomes of the reform are still uncertain, but the efforts to reform the systems of recruitment, examination, performance

evaluation, salaries, and parts of the training system should be welcomed and constructively supported in the future.

**Slovenia** shares the Hungarian experience in that constructive reform attempts have been combined with measures that have increased the gap between Slovenia and European principles of administration. In fact, the civil service of Slovenia tends to combine strengths and weaknesses, even within the same area of civil service governance. This is paradigmatic in the area of senior civil service recruitment and selection, where a transparent and relatively well-regulated process co-exists with relatively high levels of actual personnel politicisation. However, a similar verdict can be reached with regard to the salary system (less discretion over salaries and bonuses, but for a long time the system was not properly implemented), examinations (no more exams but introduction of compulsory training without any assessments), etc.

The post-accession development in Slovenia is also ambiguous, but in comparison to Hungary it includes more elements of reform backsliding and fewer elements of constructive institution-building. The establishment of the Ministry of Public Administration and the integration of the Council of Officials into this ministry have contributed to the enhancement of management capacity. However, the deregulation of the civil service law in 2005 created a great deal of uncertainty in areas such as the performance evaluation system and the disciplinary system. Implementation of the 2002 Salary Act was delayed several times, but full implementation was expected by the end of 2008. Moreover, civil service jobs have become less secure, the senior ranks have become more politicised, and the long-established Training Academy has been reorganised. After accession and after the election of the Janza Government in 2004 (in office until the autumn of 2008), Slovenia sought to change course with regard to civil service policy. First steps were taken in 2005, but they have hardly been followed up since then, leaving the civil service with an uncertain future.

In summary, the annual progress reports of the European Commission had documented during the pre-accession period how the CEECs were engaged in reforms to enhance the professionalisation of the civil service. When the Commission's Comprehensive Monitoring Reports were published in 2003 it was made clear that the CEECs had to invest further in the development of their civil service systems. Reform sustainability, in terms of continuing civil service reforms to enhance the fit with European principles of administration, was thus an important goal for the post-accession period. Yet post-accession pathways and current levels of development differ considerably in the eight CEECs that joined the EU in 2004. Lithuania, Latvia, and to a lesser extent Estonia continued their professionalisation efforts after accession. Hungary and Slovenia have an ambiguous record, which combines elements of reform backsliding and constructive institution-building. The Czech Republic, Slovakia and Poland have effectively widened the gap vis-à-vis European principles of administration in that they have dismantled institutions without building new ones in their place<sup>44</sup>.

#### **4.4. *Discussion: Which model of civil service governance for Central and Eastern Europe?***

The findings have wider implications for the debates on the future of the public administration in Europe that were outlined in the introduction of this paper. First, the large differences between the eight CEECs imply that the CEE region can by no means be seen as one world of civil service governance. Instead, we can identify different groups of countries in CEE that share broad characteristics, levels of fit with European principles of administration, and recent reform trajectories. This finding contradicts the

<sup>44</sup> The World Bank (2007) also ranks the new Member States in terms of the fit with selected European standards of administration. The final ranking is similar to the ranking given in this paper. Slovenia ranked slightly higher and Estonia slightly lower, but Lithuania and Latvia came out on top, while Poland, Slovakia and the Czech Republic came out on the bottom. Hungary was not included in the comparison.

expectation associated with the notion of the European Administrative Space, whereby administrative systems in the EU should converge on the basis of certain principles of administration. In fact, post-accession development has implied a divergence of CEE civil service systems over the last five years.

The cross-country differences in the current fit with European principles of administration indicate that at least some of the CEECs, notably Lithuania and with qualifications Latvia and Estonia, are about to converge with basic established European standards of public administration. In other words, at least the three frontrunners indicate a gradual erosion of CEE exceptionalism in the area of civil service governance. It remains to be seen whether the civil services of the four Visegrad countries (Poland, Czech Republic, Hungary and Slovakia) and Slovenia will diverge in the long run or whether the convergence in areas such as open competition will gradually spill over into other areas of civil service governance (see also below, next section).

The notion of “spillover” directs attention to the relations between various domains of civil service governance as well as to the potential for vicious and virtuous cycles resulting from the right or wrong sequencing of civil service reforms. The analysis suggests that **central management capacity** is an important precondition for “progress” in other domains of civil service governance. Yet the Polish and Hungarian cases also indicate that a relatively capable (if unstable) central management body is not a sufficient precondition for the professionalisation of the civil service in other domains. Similarly, the Estonian example shows that comparably weak management capacity can still produce a relatively high fit with European principles of administration.

The quality of the formal-legal framework and in particular the de-politicisation of the senior civil service have the highest correlation with the degree of fit in other domains of civil service governance. The de-politicisation of the senior ranks of the ministerial bureaucracy, for instance, contributes to the stabilisation of the ministerial bureaucracy and to the institutionalisation of sound personnel management practices. By contrast, a high level of politicisation tends to entail high personnel turnover in the ministerial bureaucracy, contributes to organisational instability, and de-motivates middle management and non-managerial civil servants, as the top jobs in ministries cannot be obtained on the basis of merit but only by means of personal and political connections. The differences between the virtuous consequences of senior civil service de-politicisation as opposed to the vicious cycle triggered by high levels of senior personnel politicisation are well illustrated when comparing the three Baltic States with the four Visegrad countries.

By contrast, several other domains of civil service governance, such as written examination systems and high levels of job protection, both of which received a great deal of attention in the context of pre-accession EU policy, do not appear to be necessary preconditions for achieving overall high levels of civil service professionalisation. In particular, the cases of Latvia and Estonia illustrate that the absence of standardised competitive examinations is seen as critical from the perspective of European principles of administration, but the evidence suggests that this gap has not had negative consequences in terms of the fit with European principles in other areas of civil service governance. Also, the reform of the salary system and the setting-up of well-working performance evaluation and review systems and more advanced training and competency development schemes tend to require the stabilisation of ministerial staff, in particular senior personnel, and the establishment of capable management structures rather than sequencing reform measures the other way around.

With these qualifications in mind, we can also conclude that the legacy of the communist-type administration has been overcome. The formal rules have been transformed in basically all countries since the exit from communism some 18 years ago. Even if the Czech Republic still has no civil service law in place, the legal basis has also been amended in this regard. The attitudes of civil servants, as outlined above, depart significantly from the principles of the communist-type administration, apart from the principle of discretionary management, which was also characteristic of communist-type administrations

(König 1992, Pakulski 1986)<sup>45</sup>. This applies above all to the de-politicisation of the civil service. The practices of personnel management have perhaps been the least transformed since the transition to democracy, as politicisation and “informalism” remain important characteristics of at least some of the CEE countries.

It is more difficult to classify the CEE civil services with regard to some of the other major models of public administration, such as the classic Weberian model of bureaucracy and the new public management. The Sigma survey and the personal interviews indicate that economists and business graduates have a strong position in the civil service. A large proportion of civil servants has work experience in the private sector and/or is open to work in the private sector at some point in the future. In addition, the prevalence of position-based classification systems, in contrast to seniority and career-based elements, and the importance of deregulation and discretion in areas such as salaries, examinations and, increasingly, job protection point in the direction of the new public management.

All of these features indicate a predominance of flexible personnel systems that allow the rapid adaptation to changing tasks, a changing environment and a mobile workforce. By contrast, these features sit less easily with the concept of “administration through law”, a characteristic feature of the EU system that was at the centre of the EU approach to civil service reform during the accession process. The attitudes of the surveyed civil servants also support the preference for a managerialisation of the civil service. However, the actual practices of personnel policy suggests that the four Visegrad countries and to a lesser extent Slovenia combine new public management principles with the politicisation of the civil service, while the Baltic States combine the de-politicisation of the civil service with a more regulated managerialism in the civil service.

As outlined above, the generational change that has taken place in the CEE civil services over the last ten years is likely to have contributed to the predominance of flexibility-oriented civil service systems in the region. Yet there is little doubt that EU integration has also contributed to this development. Tight and often very short-term timetables, the need to deliver results during the accession negotiations, and the simple fact that adjustment to EU demands inevitably implied major institutional and personnel instability in the CEE administrations during the accession preparations favoured a flexible, discretionary and, above all, speed-oriented approach to personnel management. In other words, the very nature of the EU accession process did not necessarily support the institutionalisation of European principles of administration, which require greater attention to regularity, standardisation, uniformity, and tightened managerial discretion.

Notwithstanding these potentially contradictory pressures of EU integration on CEE civil services, participation in the EU accession process and EU membership since 2004 cannot explain the great diversity of civil service systems among the new CEE Member States. Moreover, the popularity of flexible and incentive-driven personnel systems in the CEECs does not at all mean that the Weberian model of bureaucracy has lost its relevance for countries that have joined the EU or for those that seek accession in the future. It suggests the need to assess more carefully the relationship between the various pressures emanating from the EU accession process and civil service developments in candidate countries and in new member countries. Moreover, the record of the new CEE Member States raises questions with regard to the sequencing of civil service reform initiatives, as the CEECs did not really opt for a developmental sequence that included a fully-fledged Weberian-type civil service system before experimentation began with new public management-type reforms, as was widely recommended in the 1990s.

The findings of this paper raise a number of further questions with regard to the causes and consequences of the models of civil service governance that have come to prevail in Central and Eastern Europe. It is important to reiterate at this stage that a higher fit with European principles does not imply that the administration necessarily performs better. Research on the relation between the quality of bureaucracy

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<sup>45</sup> There are arguably some puzzling similarities between the principles of discretionary management applied in the communist-type administration and the “freedom to manage” advocated by the new public management.

and economic development argues that a greater application of the Weberian model in newly industrialised countries is positively associated with higher rates of economic growth and with less corruption (Evans/Rauch 1999). However, we cannot simply make the same inferences for the CEECs. The positive impact of European principles of administration on economic performance therefore remains an assumption that will have to be the subject of empirical investigation in future studies.

Moreover, as explained above, European principles place particular emphasis on the concept of “administration through law”, which is derived from the system of EU governance. The objective of the pre-accession reform process was to enhance the “reliability” of the CEECs in preparation for the time when they would be full members of the Union. Reliability concerned both the implementation of EU policies and participation in EU decision-making processes. Whether or not a higher degree of reliability has been achieved by countries in which the civil service systems are characterised by a higher fit with European principles of administration will also have to be the subject of future research.

Moreover, we cannot infer that a higher fit with European principles of administration is equivalent to a positive and major impact of EU policies on civil service development in these countries. The recent developments in the CEECS may be the result of EU intervention before accession and of EU policies that have affected CEE civil services since their accession in 2004. However, it is also conceivable that reform trajectories are, by and large, the result of domestic initiatives in the CEECs and that the EU has at best reinforced reform processes that were largely driven domestically.

Finally, it should be noted here that the old EU Member States have never been subject to the same assessment as the new Member States. There is a risk in assuming that all old Member States meet European standards of administration. The civil service systems in the old members differ a great deal in terms of both institutional set-up and quality. Indeed, the insights of comparative public administration research suggest that several of the old Member States would be unlikely to reach a high degree of fit with European principles as promoted by the EU for the CEECs before accession (Bekke/van der Meer 2000, Bossaert et al 2001, Hood/Lodge 2006, Page/Wright 2007, Peters/Pierre 2004). The next section will explore these issues in terms of the contribution of the EU and of domestic conditions to post-accession reform trajectories in the eight CEECs under study here.

#### **4.5. *Drivers of Civil Service Reform Sustainability after Accession: EU Civil Service Policy Meets Domestic Politics***

Debates on the reform of the public administration in post-communist Europe tend to distinguish between domestic and external drivers of reform. For the present context, we focus on the EU as our external driver. The contribution of the EU to post-accession sustainability in the CEECs can be further separated into pre-accession EU policies and the impact of EU policies that kicked in only after the CEECs became EU members. As a result, we distinguish here three general factors that have shaped post-accession developments in the area of civil service reform. A full analysis of the impact of domestic conditions, EU pre-accession policy and EU post-accession policy is beyond the scope of this paper. However, the remainder of this section outlines three sets of general propositions, which will have to be made subject to further empirical investigation and comparison with other policy areas in the future.

The first proposition is that EU pre-accession policy was not geared towards achieving long-term effectiveness in the area of civil service governance<sup>46</sup>. At least five elements of EU pre-accession policy lacked the capacity to contribute considerably to post-accession reform sustainability. First, before accession, civil service reform was subject to general EU conditionality. Yet the credibility of conditionality was low in this area, as non-compliance with EU conditions was unlikely to lead to major

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<sup>46</sup> For the role of “time”-related issues in the process of enlargement to the east, see Avery (2009) and Meyer-Sahling/Goetz (2009). For a more general discussion of time and EU governance, see Goetz/Meyer-Sahling (2009).

sanctions, such as exclusion from accession to the EU (Bugarcic 2006, Dimitrova 2005, Meyer-Sahling 2006c)<sup>47</sup>. The case of the Czech Republic is especially instructive, as the Czech Government postponed implementation of the Civil Service Act until after accession without having to fear any sanctions from the Commission. The low credibility of conditionality before accession implies that civil service reform was less of a priority for the EU. As a result, the issue was less likely to attract much attention after accession, in terms of both receiving a reward for the continuation of reforms and being reprimanded by the Commission for halting or reversing pre-accession reforms and thus for reducing the level of civil service professionalisation.

Second, the lack of an *acquis* in the area of civil service governance undermined the incentive of the Commission to prioritise civil service issues during the pre-accession period. Personal interviews in Brussels and in CEE capitals indicated that Commission officials were naturally hesitant to push an issue that was lacking a clear legal basis. Conversely, the lack of a civil service *acquis* reduced the legitimacy of EU pressure in the eyes of CEE candidate countries. Reform opponents at the domestic level in particular questioned the legitimacy of the EU to demand changes from the candidate countries. For the post-accession period, the absence of an *acquis* has weakened the prospects of reform sustainability because the Commission has no legal basis to initiate infringement proceedings and thus to sanction reform reversals in the new Member States.

Third, the pre-accession management of civil service affairs by the Commission and the Council did not support post-accession reform sustainability. During the pre-accession process, there was no line DG at Commission level that could act as a counterpart for DG-Enlargement in the area of civil service affairs. As a result, there was no line DG that could take over and “own” civil service policy once the CEE states gained full membership. The lack of long-term effectiveness was reinforced by the absence of a separate negotiation chapter on public administration, including the civil service. The civil service was of course part of the “political chapter”, but this chapter was effectively closed once the accession negotiations were opened. As a result, civil service issues popped up in the context of the sectoral chapters, but there was no separate chapter for the assessment of administrative capacity that could officially be opened and closed during the negotiations. The insufficient monitoring before accession is mirrored by the absence of post-accession monitoring mechanisms to prevent reform backsliding in the new Member States after they joined the EU in 2004. These kinds of mechanisms were included when Bulgaria and Romania joined the EU in 2007, but even in their case post-accession monitoring does not directly target civil service issues.

Fourth, the activities pursued in the context of the EU’s twinning programme lacked mechanisms to generate long-term effects beyond the accession date. The “direct” effect of twinning on the development of civil service capacity has been limited. Twinning was aimed at the development of sectoral administrative capacity and hence did not target horizontal administrative reforms, such as civil service reform. Yet several countries – such as Poland, Slovakia, the Czech Republic and Lithuania – “demanded” and received support in the area of civil service policy. Together these projects make up less than one per cent of all twinning projects. The long-term effect of these projects has been entirely dependent on domestic conditions in the new Member States since accession. In Poland, Slovakia and the Czech Republic, the main beneficiaries of pre-accession twinning support were the Civil Service Offices. As these offices were abolished after accession, much of the expertise that was brought in through the twinning programme was also lost. Lithuania represents the other scenario in that the positive effect of twinning has persisted due to a larger degree of political and administrative stability since accession. In other words, there are no mechanisms to ensure the long-term effects of twinning projects.

Fifth, the Sigma Programme had the advantage that civil service policy was consistently applied across all candidate countries and aligned with principles of European public administration. This approach differed from that of the twinning programme, where the role of the Commission was limited to that of a matchmaker who would bring together candidate countries and Member States for the realisation of

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<sup>47</sup> See Haughton (2007) for a critical review of conditionality studies.

individual twinning projects. There were no mechanisms in place that would ensure that activities carried out in the context of the twinning programme were compatible with European principles of administration. By contrast, Sigma could act as a hub for the consistent diffusion of good practices in administrative reform policy. Yet the long-term effect of pre-accession advice has again been dependent on the extent to which pre-accession “learning effects” were retained within the administration, as the programme was discontinued once the CEECs joined the EU. The same applies to the monitoring role of Sigma, as the pre-accession assessments were not converted into post-accession peer reviews to retain the momentum for further investment in civil service professionalisation after accession.

The second proposition concerns the post-accession instruments of the EU. The civil service plays only a small role among EU policies concerning the new CEE Member States, which is partly due to the absence of specific post-accession monitoring mechanisms in the area of public administration. Yet the contribution of new policies that have direct and indirect effects on CEE civil services should be seen as positive, even if most of their potential has not yet been realised.

First, the European Social Fund (ESF) aims to improve employment and increase the possibilities of employment in the European Union. In this context it also provides resources for the strengthening of institutional capacities in the public administration by supporting programme development and human capital development. The funding from the ESF has been most welcome in the CEECs. It has provided an incentive for CEE governments to keep the training of civil servants on their agendas, prevented cutbacks in the area of training and, in some cases, financed the development of new programmes. ESF funds provided for the elaboration of an innovative training policy and for the revision of the salary system in Estonia are among the most positive examples in the region.

However, most of the potential impact of the ESF on post-accession civil service development remains unrealised. The financial support that CEE countries receive from the ESF for their administrations is small. Only 2.7 per cent of the overall ESF budget is allocated for institutional capacity-building. For the new Member States under study here, the proportion stands at 7.3 per cent of their ESF allocation, but the activities covered by these funds include central, regional and even local administrations and public services. To the extent that ESF allocations target the civil service, they are mainly relevant for training and development measures, and this is well reflected in the higher level of post-accession sustainability in this area of civil service governance. There is no guarantee that the ESF projects will be aligned with European principles of administration, as there are no specific monitoring mechanisms in place and no effective sanctions envisaged in the event of the ineffective use of resources by the new Member States. Therefore, the impact of the ESF has so far been selective, but the programme represents a promising instrument for EU-led investment in CEE civil services.

Second, the European Union Public Administration Network (EUPAN) brings together administrative policy-makers from the Commission and from the 27 EU Member States to explore options for the modernisation of the public administration. EUPAN is divided into several groups, one of which deals with human resources. Its meetings serve primarily as a forum for the diffusion of ideas and good practices that could help to inspire civil service reforms in the CEECs. However, EUPAN is not based on the open method of co-ordination. The mandate of the network to take decisions that are binding for national administrations is limited. The mandate of delegates to EUPAN from national administrations tends to be insufficiently defined, and their role in diffusing EUPAN-inspired measures at the national level cannot be taken for granted. The impact of EUPAN has therefore remained marginal so far, but it has the potential to become a more effective instrument for ensuring a constructive role of the EU in civil service affairs.

The third proposition concerns the domestic conditions for achieving reform sustainability in the CEECs since their accession to the EU. Domestic drivers of civil service professionalisation are especially important in light of the previous two propositions, which suggests that the EU contribution to post-accession sustainability has been marginal and selective. In the absence of strong external incentives, reform sustainability therefore depends, by and large, on domestic conditions. Domestic conditions in the

eight CEECs have generally not been favourable, but they can help to explain why some countries have a better post-accession record than others.

First, political instability in the CEECs has not contributed to post-accession reform sustainability. The instability of governments, particularly in the form of frequent, wholesale government changes, has reduced the prospects of reform development in several CEE countries. Political pendulum swings in Poland, Slovakia, the Czech Republic and Slovenia between the end of 2004 and 2006 implied the formation of governments that had no stake in the reforms that had been negotiated and passed before accession. Estonia, Latvia and Lithuania also changed their prime ministers and the composition of parties in government, but the government changes did not involve full swings from one end of the political spectrum to the other. As a result, the degree of continuity in government was higher in the three Baltic States than in the other CEECs<sup>48</sup>.

Second, domestic administrative reform management structures have remained unstable in many countries (see section 3.3). Structural instability has undermined reform capacity in the new Member States, and it has reduced their ability to act as defenders of the civil service. Here, Lithuania and Latvia stand out with a higher level of capacity and a higher level of continuity among administrative policy-makers. The Ministry of Public Administration in Slovenia has the potential to become a future source of reform capacity, but so far it has remained too weakly institutionalised. In the Czech Republic, Slovakia, and even in Hungary there are effectively no (or very few) stakeholders of the civil service left. The conditions are relatively better in Poland, as the corps of nominated civil servants and the National School of Public Administration can be expected to act as agents for the reconstruction of the civil service, even after the demise of the Civil Service Office.

Third, the analysis in this paper shows that civil servants support many European principles of administration. The conditions for the reform of the civil service should therefore be seen as positive when looking at the preferences and values of civil servants. However, the reform discourse in the new Member States has only rarely supported further investment in the civil service. In general, the reform discourse has been “anti-state” and “pro-market”. Enhanced efficiency and the modernisation of the public sector have rarely been coupled with discussions on the quality and effectiveness of the public sector, including the quality of the civil service. Reference to the better regulation agenda of the EU has become increasingly popular, but the link between the quality of regulation and the quality of the civil service is rarely developed. Debates surrounding corruption in the public sector, e.g. in Poland, have further undermined the prospects of gaining support for investment in the civil service, as the political elite calls into question the honesty and integrity of the civil service.

For the first four years after accession, the conditions have therefore not been conducive to the continuation of investment in civil service professionalisation in the CEECs. In other words, the post-accession “sustainability” of pre-accession civil service reforms has been fairly limited. EU pre-accession measures were not geared towards achieving post-accession reform sustainability, post-accession measures of the EU have remained too small in scope and ambition, and domestic conditions for reform have only rarely been favourable to the continuation of reforms after accession.

With these critical conclusions in mind, we should not forget that the professionalisation of the civil service is a long-term process that cannot be achieved overnight. Today this process remains unfinished, more so in some countries than in others. Indeed, the CEECs that had already started their civil service reform processes before the EU appeared on the scene – with the Opinions published by the Commission in 1997 – and that used the accession process to continue their investment in the civil service are also the

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<sup>48</sup> Only the Hungarian case does not easily fit this pattern. Note also that the argument presented here implies that the political conditions in Lithuania are currently not improving; it remains to be seen how the Lithuanian civil service will cope with and adjust to a major government change from the centre-left to the centre-right.

countries where the civil service systems demonstrate today a higher degree of fit with European principles of administration.

The three Baltic States were active civil service reformers in the early 1990s, and they were able to show at least partial success by the time the EU started to support civil service developments in the then candidate countries. Among the CEECs studied in this paper, only Hungary can look back to a similarly long stretch of continuous investment in the civil service. Yet reforms were arguably more contested in Hungary, and civil service politicisation has remained a serious obstacle to progress since the mid-1990s. The reform legacy in the other four countries is either shorter (e.g. Slovakia) or characterised by continuous conflict over the direction and content of reform ever since the establishment of constitutional democracy (especially the Czech Republic and Poland).

Time and reform continuity have therefore been important determinants of civil service professionalisation in the new Member States<sup>49</sup>. The EU's hands-off approach to civil service reform after accession has not helped to lengthen the time horizons for civil service reforms in these countries. Instead, it has interrupted a period of externally supported investment in the civil service without managing the transition to domestic ownership of the reforms after accession.

It remains to be seen whether the conditions for investment in civil service professionalisation are currently improving or worsening. The current economic and financial crisis has hit the new CEE Member States particularly hard and has ambiguous consequences for the future of the civil service in these countries. On the one hand, it puts a further squeeze on public finances, which is bad news for civil service reformers, especially when taking into account the need for increased investment in civil service salary systems. For instance, several countries have already reduced salary levels and put off further salary reforms, which may be inevitable from a fiscal point of view but is unlikely to support the further professionalisation of state personnel. On the other hand, it is conceivable that a new role for the state in the economy will affect the perception of the civil service by the public and by political actors. If a change in perception is accompanied by the recognition that the quality of the civil service can make a real difference, in terms of both the efficiency and effectiveness of the public sector and the intervention of the state in the market, then it is also conceivable that the conditions for reform of the civil service will improve in the years to come.

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<sup>49</sup> See Pollitt (2008) for a general discussion of the importance that time plays in the success of public management reforms.

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## 6. Appendix: Research Methods

This paper relies on a mix of documentary research, interview-based research, and a survey of civil servants in CEE ministerial bureaucracies. First, the paper relies on an analysis of legislation, reports prepared by governmental and non-governmental sources, and generally documentary material, mainly in order to examine the formal-legal framework governing the civil service in the eight CEE countries that joined the EU in May 2004. Most of the analysis of material was conducted by local experts of public administration and was structured on the basis of a series of questions prepared by the author.

Second, the paper relies on insights gained through semi-structured and open-ended interviews with civil servants, politicians and outside observers in the countries. The interviews served to follow up the analysis of legal material and of government reports insofar as administrative reform programmes were concerned. In particular, the interviews provided an instrument for the analysis of actual practices of civil service management in the ministries of the eight CEE countries.

In each country, we aimed to interview approximately 15 individuals. In the cases of Hungary, Poland and the Czech Republic, the research relies on approximately 40-50 interviews in each country, as the insights from other research projects conducted by the author have direct relevance for the analysis presented in this paper (see, for instance, Heywood/Meyer-Sahling 2008). Interviews were conducted in all eight countries between November 2007 and March 2008. In addition, a first round of interviews had been conducted in Poland and the Czech Republic between April and June 2007. In Hungary, we conducted a second round of interviews between June and September 2008.

For each country, we selected the interviewees in order to obtain as many different viewpoints on the matter as possible. Interviewees typically included representatives of central structures for the management and co-ordination of the civil service as well as representatives of the Ministry of Finance so as to gain a horizontal perspective on the issues. In addition, we selected interviewees from various ministries at various levels in the hierarchy and with experience dating from various time periods. For instance, we typically sought to interview two or three current state secretaries (or equivalent), two or three current heads of department, and two or three current members of parliament, as well as a few university academics or representatives of other state or non-state institutions, such as audit offices, presidential offices, and NGOs. In addition, we sought to interview a few former ministers, former state secretaries, and former department heads in order to have a better insight with respect to changes over time, in particular changes made after accession in comparison with those made in the pre-accession period. Finally, we aimed to interview officials with experience in different policy areas. As a rule of thumb, we distinguished between interviewees with relatively more exposure to EU affairs and interviewees with mainly a domestic work agenda.

Interviews followed, by and large, the same structure and sought to learn about the personnel management experiences of interviewees within their own institution. A minimum of 15 interviews per country can be considered to be sufficient to identify the basic patterns of personnel management in a given country. Yet it is impossible to avoid all biases when carrying out personal interviews, as interviewees may lack information or misrepresent information. However, we have tried to avoid these pitfalls of empirical research by cross-checking and controlling information both within the same interview and across interviews.

The third research tool was a web-based survey of civil servants in the ministerial bureaucracies of the CEECs under study. The survey was developed and managed in co-operation with RAND Europe. The RAND team was led by Dr. Christian van Stolk. The aim of the survey was twofold. First, it sought to determine the actual practices of civil service management by asking civil servants about their personal experiences with personnel policy. We concentrated on their experience in the areas of staffing and salaries and sought to determine the extent to which personnel policy practices, as observed by ministerial civil servants, corresponded to European principles of administration. Second, the survey aimed to uncover civil

servants' values and attitudes towards various principles of civil service management. In particular, we sought to determine the extent to which their attitudes fit European principles of administration.

The survey was based on approximately 80 questions. Following a series of personal identifier questions, respondents were asked to "agree" or "disagree" with simple statements reflecting the personal day-to-day experiences and preferences of employees in the ministerial bureaucracy. To gauge the strength of their opinions, the survey asked respondents to score their responses on a five-point Likert scale.

The survey was sent to all of the countries covered in this paper, and we received responses from seven of the eight; the Czech Republic was the only country that did not participate in the survey. For the administration of the survey, we worked closely with the civil service management authorities in the CEE countries. Before posting the web link of the survey, we asked responsible senior officials from the countries to provide feedback on the draft survey, checking the applicability of the survey and its translation and piloting the survey with a small group of civil servants within their own department.

Subsequently we asked our country partners to distribute the web link of the survey to relevant managers in central government ministries. With regard to the selection of ministries, we initially targeted the ministries of finance, regional development, agriculture, interior and health, as well as the ministry within which the civil service management authority is located. We later added the ministries of economic affairs, environment and education so as to increase the number of responses per country. The selection of ministries reflected an attempt to capture core ministries (e.g. finance) and ministries with more exposure to EU affairs (e.g. regional development, agriculture) rather than ministries with an agenda dominated by domestic issues (e.g. health). The relevant managers from individual ministries were then asked to distribute the survey within their ministry and to include all levels in the ministerial hierarchy.

The survey was launched at the beginning of May 2008. On average, the surveys remained open for two to three months and were closed in the middle of July 2008. We allowed for surveys to be open longer in the cases of Hungary and the Czech Republic in order to accommodate more representative and diverse responses. The last surveys in Hungary and the Czech Republic were closed in September 2008. Unfortunately, the Czech Republic did not distribute the survey within its administration, which largely reflects the lack of civil service management capacity.

Overall, we received 4975 hits on the web link across seven countries. While 2931 respondents answered parts of the survey, 2361 respondents answered the survey in full. So far, surveys have rarely been used to conduct cross-country research in CEE<sup>50</sup>. An exception is Scherpereel (2004), who surveyed 296 civil servants in the Czech Republic and Slovakia in the spring of 2004. Table 3 below shows the number of respondents to our survey per country. The top row shows the number of officials that "hit", i.e. clicked on, the survey link. The second row shows the number of respondents who completed the survey. The difference between the two rows indicates that about 50-60 per cent of the officials who opened the survey also completed it. This rate is high compared to other web-based surveys previously conducted by RAND Europe.

*Table 2. Survey Responses per Country*

	Estonia	Hungary	Latvia	Lithuania	Poland	Slovakia	Slovenia
<b>Number of hits</b>	560	493	574	404	798	1409	737
<b>Number of respondents</b>	416-367	214-157	338-274	226-188	512-387	821-668	404-320

The ranges shown in the second row indicate that the number of completed surveys varies across questions. It is important to note, however, that the number of responses per question is not static, as respondents

<sup>50</sup> See, for instance, the large N survey by t'Hart et al (2007) on the Europeanisation of the Dutch civil service.

were not required to necessarily answer all questions. For instance, respondents who answered that they were not subject to a performance evaluation would not be asked subsequent questions with regard to the quality of the performance evaluation. Several questions of this type were included in the survey and, as a result, the number of responses varied for some of the survey questions. The difference of 10-15 per cent between fully and partially completed surveys indicates that almost all respondents who started to fill the survey also completed it. For the presentation of data in this paper, we counted all answers received per question (partially completed surveys and fully completed surveys).

In the survey, we collected responses from a wide range of ministries. We did *not* target all ministries in order to keep the survey manageable for our country partners. In a first wave we included the ministries of finance, interior, regional development and health as well as the ministry/institution hosting the department responsible for civil service management. In a second wave, we added the ministries of economy, environment and education. For each country we identified the relevant ministries or their equivalents before sending out the survey link in order to ensure a maximum degree of comparability across countries. The survey responses reflect the choice of ministries. In some cases, however, we lacked responses from one, two or three of the targeted ministries, presumably because in the end the web link was not distributed to civil servants in these ministries. The number of participating ministries was lowest in Hungary.

Table 3 shows that the number of hits and the number of completed surveys was highest in Slovakia and lowest in Hungary. We tested the representativeness of the samples against the data that we had received from the civil service registers. As will be discussed below in more detail, we cannot say with certainty exactly how many civil servants were asked to reply to the survey. However, when examining the staff size of ministries against the replies that we received from individual ministries, we estimate that the response rate was above 25 per cent for Slovakia, between 20 and 25 per cent for Poland, Slovenia and the three Baltic States, and just 10 per cent for Hungary. The only ministry in Hungary with a relatively high response rate, which was broadly comparable to the average response rate of the other countries, was the Ministry of Finance, which has the reputation of being reasonably professional in comparison to the other central government ministries. Initially we therefore did not expect the response to have a very negative bias, as one might expect since Hungary consistently appears at the bottom of the bar charts reporting the proportion of respondents who consider personnel policy practices to be in accordance with European principles of administration. The relatively low response rate in Hungary does imply, however, that we have to be relatively less confident with regard to the Hungarian data than for the data concerning other countries.

We also examined the profile of the respondents against the data obtained from the civil service registers. To the extent that we could secure sufficiently specific information, this examination suggests a relatively good fit between the profile of respondents and the population of civil servants who were surveyed. For Lithuania (with a relatively small sample), our sample shows a very similar distribution of respondents with regard to age, level of education, subject studied at university, and rank in the ministerial hierarchy.

We generally asked our country partners to include all levels of the ministerial hierarchy in the survey. Overall, 30 per cent of our respondents indicated that they had managerial responsibilities, while 70 per cent indicated that they did not. In most countries, the proportion of respondents clusters relatively closely around the mean distribution of managers and non-managers. The information collected in the countries suggests that this distribution slightly over-represents the proportion of managers. However, in the case of Slovakia, we have a larger proportion of civil service managers. While our sample includes 51 per cent managers and 49 per cent civil servants without managerial responsibilities, the information that we collected from ministries indicates a figure of approximately 25-30 per cent of civil servants with managerial responsibilities per ministry. Personal interviews suggest that managers tend to be less critical with regard to issues such as civil service politicisation. This could mean that in the Slovak data the impact of politics on the civil service is underestimated, but further examination is required to gauge the precise strength of the bias introduced by the over-representation of civil servants in managerial positions. In addition, we would expect that younger civil servants would be slightly over-represented in our sample,

simply because younger officials are naturally more likely to participate in online-based surveys. It could nevertheless be argued that “youth” is a general feature of CEE civil services.

However, it is important to raise a few general words of caution with regard to the interpretation of the survey data. Web-based surveys have great advantages in terms of the manageability of large N surveys. This applies above all to settings such as ministerial bureaucracies, which are otherwise almost impossible to survey on a large scale. Yet web-based surveys entail a number of risks. First, they do not allow as much control over the number and type of respondent as other types of surveys, especially when they rely on third parties to contact potential respondents. This restriction makes it difficult to establish response rates and to ensure the representativeness of the responses. We mitigated this risk by closely working with our country partners and by trying to make sure that respondents in the eight countries were contacted in the same way in order to minimise potential “selection effects” and selection biases.

Second, a web-based survey does not allow as much control over the number of times that individual respondents fill out the survey. In other words, there is a risk that some countries and/or ministries might “rig” the survey. Our partners at RAND used a number of electronic and statistical ways of checking for repeat responses. For instance, we blocked respondents from answering the survey twice from the same location (personal computer). However, the risk of multiple replies by the same person cannot be eliminated.

Third, a general problem with surveys is the variance in the number of responses by country. There is no guarantee that significant responses will be obtained from all countries. This might also apply to responses from certain ministries and groups of civil servants. We tried to reduce this risk by working closely with our country partners to ensure that the survey was distributed to various ministries and to various ranks of civil servants.

Fourth, web-based surveys assume that civil servants have e-mail access and access to the Internet. It is possible that some groups of civil servants do not have access to the Internet or indeed have no e-mail account. We would also have to assume that some groups of civil servants, especially younger civil servants, may be more inclined to participate in a web-based survey than the older generation of civil servants.

Having said this, the results of the survey suggest a relatively high fit with the insights gained by means of other research tools. In particular, the interviews that were conducted in the countries point very much in the same direction as the survey results. It is important to note here that the interviews were conducted *before* the survey was opened. The results of the survey therefore did not inform the interview research. Instead, the survey became an instrument for controlling the interview insights.

Taking these qualifications and limitations of the survey tool into account, the paper presents data that is aggregated for individual countries. Moreover, in order to simplify the findings of the survey, the paper only presents the “positive” responses by aggregating the values for civil servants that “agree” or “strongly agree” with the statement in question. This simplification has its trade-off as it does not show, for example, the “neutral” responses of civil servants. Neutral responses can indicate that civil servants rank-order their responses between agree and disagree or that they do not have an opinion. However, tests that we have conducted with the inclusion of all responses did not yield substantially different results from those gained through the “agree” and “strongly agree” response tally<sup>51</sup>.

The sum of the “agree” and “strongly agree” responses can then be taken to indicate the proportion of respondents who have observed and who support the applicability of European principles of administration to their national administration. The fit with European principles would be highest and thus approximate an ideal world if 100 per cent of the respondents agreed with the statements in question. The proportions that

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<sup>51</sup> The main difference between the weighting of all responses and a focus on positive responses only is the slightly larger variation between the country responses.

are reported could therefore be regarded as an indicator of the extent to which the respondents support European principles of administration.

However, even if it is tempting to do so, the quantitative data must not be over-interpreted. It should be remembered again that this survey, like most large N surveys, is subject to potential biases resulting from a lack of representativeness, and further analysis will be necessary to better establish the validity of the data. Moreover, this survey, like other surveys, must be viewed in the context of the institutional and political situation of the day in the countries under study. It is also not possible to draw inferences with regard to developments over time, including trajectories since accession or possible pathways for the future. The survey data can therefore only be one among several sources for evaluating the fit of civil services with European principles of administration, and it must therefore be complemented with qualitative data from legal documents, written reports and personal interviews.