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



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of Public Administration and Policy





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**The NISPAcee Journal of Public Administration and Policy**  
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# Table of Contents

## Papers

Russian Civil Service Management: How Civil Servants are Recruited and Promoted <i>Alexey G. Barabashev, Vadim N. Prokofiev</i> .....	9
Economic Crisis in Local Budgeting in Slovenia <i>Uroš Pinterič, Daniel Klimovský</i> .....	29
Collaborative Benchmarking of Municipalities in the Czech Republic: Present Experience <i>Michal Plaček, Milan Půček, Marek Jetmar</i> .....	63
Coordination of and through E-Government: The Case of the Czech Republic <i>David Špaček</i> .....	83
The Profile and Work of Officials in Central and Regional Administration Compared: The Case of the Czech Republic <i>Arnošt Veselý</i> .....	107

## NISPAcee Best Graduate Student Paper

Public Service Motivation in Europe: Testing Attitudes toward Work Motives <i>Palina Prysmakova</i> .....	131
--	-----

## Mzia Mikeladze Best PhD Thesis

Strategic Human Resource Management in the Public Service: Evidence from Estonia and Other Central and Eastern European Countries <i>Jane Järvalt</i> .....	159
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## Book Review

Good, Bad and Next in Public Governance: The Winelands Papers 2012 <i>Lenka Matejová</i> .....	169
Information for Contributors.....	172



# Papers





# Russian Civil Service Management: How Civil Servants are Recruited and Promoted

*Alexey G. Barabashev<sup>1</sup>, Vadim N. Prokofiev<sup>2</sup>*

## Abstract

To increase the quality of civil servants' performance, governments may choose between three approaches, namely to recruit and to promote the personnel on the basis of team-building (personal-relations approach) or on the basis of merit (competency approach) or on professional-motivation evaluation (motivational approach). Starting from the beginning of the 1990s, Russian civil-service management has moved from the team-building approach toward merit (competency approach). The competency approach has dominated at legal acts for Russian civil servants' recruitment and promotion in the last decade. The goal of this paper is to document that in Russia, during the last two years, namely since 2012, professional motivation has started to be recognized as the crucial element for civil-service recruitment and promotion. To prove this thesis, we performed the analysis of the content of more than 250 recently elaborated norms (years 2012–2014) at different Russian normative legislative acts (already adopted acts or legislative acts in the last stages of its preparation) concerning civil servants' recruitment and promotion at Russian federal government bodies. Data analysis shows the clear trend: now the level of professional motivation is legally recognized as the central criterion for the selection and promotion of civil servants in Russia.

**Key words:** human-resources management, civil servants' motivation, Russian civil service, recruitment and promotion of civil servants, motivation stimulus.

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## **Introduction: Three approaches toward HRM – Which approach is better for civil-service management?**

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Professional performance is affected by the variety of obstacles. In our era of rapid changes of governance technologies and practice of governance, the stable conditions of performance are gone. Civil servants should be well-prepared for new tasks and conditions of their activity. If civil servants cannot manage new technologies, if they are not vocationally trained, not creative, not motivated for high-quality professional activity, not ready for continuous professional training, not capable of cooperating with actors of civil society and not ready to use modern equipment, software and other hi-tech resources, the civil servants will not be able to implement their perpetually renewed duties properly.

To find the best practices and theories to improve the quality of civil-service personnel, it is necessary to turn away from civil service and to understand what can be used from human-resources-management (HRM) ideas elaborated for business corporations. There are at least two reasons to search for ideas and best practices in the area of business-sector-oriented HRM. Business corporations have to reach the practice of operating in the conditions of a highly developed, instable and technologically changing market. In addition, business was the first sector to recognize the significance of HRM in company development. Becker shows that in the long pay-off period employees with a higher level of education get the better salary (Becker 1964, 113). In the long run, the high-motivated and well-qualified personnel can lead the company to progress and sustainable development, while other resources are just supportive (Hagemann 1992). Nevertheless, as for the public sector and, especially, for government and its agencies, the awareness of the key role of human resource has developed rather late due to the appearance of a new conceptual orientation – the provision of public services. As Kettl remarks about the pioneers at the field, it was “The Australian model ... with a fundamental transformation of human resources as the keystone for a much broader reform movement. Civil service reform has been far more central to the Australian reform movement; it has focused particularly on ‘developing the main resource of the public service, its people.’” (Kettl 1997, 453). The transformation toward human capital in civil service was based on the general theory of personality (Obolonsky 2011, 47).

Theoretical approaches toward human-resources management (HRM) nowadays concentrate on some key principles of selection and promotion of the personnel. Let us define these particular approaches to human-resources management as follows.

*1. Recruitment of personnel and promotions based on the principles of professional competences.* The main task of personnel selection and further work with the staff is to form the package of actions to identify and develop personnel for professional (functional) duties in accordance with the requirements of the job description. It is

the so-called “reglementation – a job activity”, which is substituted to functions of the company.

If the functions of the company are derived from its strategy, it is the *contingency approach*, when the systems of HRM practice should be relevant to the strategy of organization (Peña and Villasalero 2010; Korotkov 2010).

If we take into consideration that companies should take into account the typological requirements of the national labor market, national economy conditions, systems of professional education and training for employee selection, it is the *societal approach* (Cunha et al. 2002; Stavrou et al. 2010; Efendiev et al. 2014, 17).

There are several positions for which professional (functional) duties in the companies could be naturally framed with rigid professional standards. For example, in Russia such standards are produced jointly by the Russian Union of entrepreneurs and by the Ministry of Labor and Social Protection (Order of the MLSP 2012; Road map for professional standards elaboration on 2013–2014). However standardization (normalization) is only applicable to simple (reiterated) kinds of operations. In general, standardization (professional standards development) is surely to be unsuitable for analytical and managerial positions. The performance of duties for these positions is characterized by indefinite choice; decisions are based on unlimited sets of heterogeneous data and on some managerial and expert intuition. Setting the rigid procedures of activity for managerial positions is impossible. Also, a contradiction exists between improving performance and improving performance-management systems (Van Dooren 2011, 420).

The system of professional education and training due to the professional-competences approach should be constructed on the basis of professional skills elaboration. It is extremely important to teach employees not only the theoretical part of competence, but to train them to perform practical skills and develop specific work habits (Barabashev and Maslennikova 2010, 103–104). Traditional lectures and seminars must be replaced by innovative interactive methods and technologies. The capacity to find information independently, to analyze it, to generate authentic ideas and original concepts, to make a correct, optimal and timely decision (participate in its elaboration), to perform tasks effectively are more important than the possession of a limited set of competences, which rapidly becomes archaic. Professional education and training need to become continuous and should constantly support the career development of employees (Chlivickas and Barabashev 2013).

The professional-competences approach is widely discussed in the area of the public sector (Bonder et al. 2011), including in Central and Eastern Europe (Institutional Requirements ... 2005; Special Issue *NISPAcee Journal of Public Administration and Policy*; Pollitt 2008). The discussions concentrated on the elaboration of competency-oriented training programs for civil servants, functional understanding of competences, professional standards, organization of public-administration curricula for master-degree programs around competency profiles, staffing, etc.

2. *Recruitment of personnel and staff on the basis of evaluation of their professional motivation and its relevance to the needs of organization.* Let us introduce the concepts of motivation (these concepts are often floundered and mixed up incorrectly):

- Motivation is a set of an employee's personal motives that guide him or her to perform professional (functional) duties. This particular approach pays attention to the structure and the level of the professional motivation of an employee as the key element for performance, especially for new organizations (Messer-smith and Gurthrie 2010, 241–242) or for the organizations at the time of crisis (Gaponova 2010).
- Motivation is the provision of incentives by an employer and the whole societal environment (organizational culture, family priorities, the pressure of off-duty activities, “the rough and tumble of life”, general economic and social obstacles, etc.), i.e. motivation is a natural or made-up system of incentives that are capable to co-opt and anchor an employee, to inspire him or her to perform his or her duties in a proper (or non-proper) manner, as well. The goals of personnel management are to discover and to implement the measures that will inspire the personnel's intention to achieve professional progress, to work better and (in the case of the public sector) to support the pro-social behavior of an employee (Peña and Villasalero 2010; Jacobson 2011).

Professional-motivation assessment requires not only the evaluation of motivation regarding a particular position, but also the evaluation of the professional development potential of an employee, the capacity to achieve higher positions (which requires the motivation to obtain the advanced qualification), the ability to acquire competences for new professional duties and the readiness to update knowledge and competences for the changing content of the current position. The evaluation of an employee's motivation involves his or her professional growth capacity and possession of proper motivation. This evaluation refers to the quality and intensity of professional motivation in order to discover the deep internal motivation (instead of surface motivation) that allows it to transform the labor into emotionally positive flavored activity (Chih-Wei et al. 2011). The main goal of this approach is to show that an employee's motivation is a more fundamental professional characteristic than the current level of his or her professional qualification and competency.

For the public sector, “the correct motivation” is guaranteed by the system of incentives being organized to construct some “relevant” true-life priorities for the employee, first of all social allegiance and devotion, altruistic motives, motives of honesty and “clean hands”, respect for human rights and dignity, social satisfaction (Jacobson 2011) and notch off actual and potential candidates with “irrelevant” or “improper” priorities: personal wealth accumulation without any moral restrictions and obligations, disposition to corruption; a taste for freelance activity; existential isolation and social unfriendliness; intention to exploit and abuse humans with a mercenary motive; “self-cost” minimization and attempts to avoid innovative activ-

ity in finding decisions for real problems, vulgarizing them; “over-self-evaluation”, etc. (Perry and Wise 1990, 368; Perry et al. 2010).

In the long run, in terms of the motivation approach, the whole system of professional education and training (higher and secondary-level education, additional and supplementary, continuous education) should be developed to establish the employee’s motivation as coordinated with the set of the employer’s and societal incentives (Witseman and Wise 2012). In this way professional competencies are to be determined and adopted by employees themselves during the process of their education. People and their needs must shape the system of education and training to give them necessary professional knowledge, practical skills and habits of work and help them refuse everything that is evaluated by them as irrelevant, as not necessary, as beyond their professional priorities. A motivational unit in education turns out to be its hardcore requirement: *education means to choose what you would like to learn, what is of great professional interest to you, what corresponds to your motives*. It is not just simple training, but rather the professional self-shaping and edutainment. Course variety in the curricula is about to increase prominently. The rigid set of core courses in curricula is alien to this approach. The clear motivation mission of the educational program is to inspire the proper motivation and to give people the chance to select what is personally needed.

In addition, nowadays the topic of personnel professional motivation in the public sector came to be explored from the prospect of missions of public organizations (Wright and Pandey 2011) and organizational changes (Wright et al. 2013). It is one of the priorities in civil-service management research. Also, relations of employee motivation and job performance in public sector are starting to be explored experimentally (Belle 2013).

3. *Recruitment of personnel and staff management on the basis of the principles “to be part of the team” (team membership, affiliation) – team relevancy*. The approach refers to duties being properly performed by only the employees who are part of the team and whose loyalty to the leaders of the team crosses all bounds. It is especially significant from the prospect of creating new organizations and in the case of organizations of an innovative business orientation (such as early stages in the development of Apple, Microsoft, etc.). The candidates who do not demonstrate the strong loyalty to team values and priorities, to the highly charismatic leader or the candidates with “out-of-team” motivation, the candidates who do not belong to the team in the sense of modes of their behavior neither should be allowed to fill the key-positions in an organization nor to move up through the ranks. They are out of the team business.

Certainly, all other things being equal, employees with high qualification and motivation would be an asset to an organization and would be eagerly sought by employers, but this priority is relative and nominal. The “good old fellow” (“he-is-one-of-us-through-and-through”, “he-has-been-around-the-block-a-few-times”) is

superior to the “bright, smart, well-educated and professionally motivated one” and deserves more confidence and indulgence for mistakes and failures.

Such an approach can be traced in the civil service. Namely, in Russia the organization of the so-called “Presidential Cadres Reserve” (Presidential managerial pool) is completely constructed according to the principle of “the best select the best” or, in other words, on the basis of personal recommendation from the high-level authorities (Barabashev and Struzhak 2009, 92).

## **Part 1. Russian public service management: Recent priorities**

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Russian authorities began to recognize the significance of human resources just recently. This new orientation based on the transformation of the standpoint of “working for the betterment of political leaders and high-ranking officials” to the standpoint of “working for the welfare of the whole society” is making a tardy appearance. On becoming widespread in many countries from the very beginning of the 1970s the New Public Management made public administration customer-focused. Meanwhile the Russian Administrative Reform began just in 2004. Nowadays Russia is engaged in catching up with the advanced countries.

What should we do to train and support civil servants to be well-prepared for the public sector, which means being customer-focused and socially responsible? The answer to this question depends on particular approaches to human-resources management in the public sector. What approaches to human-resources management in Russian public service have been in favor recently?

The **goal** of our paper is to show that the recent priority in Russian civil-service management during the last two years can be defined as *a mixture of the motivational and competency approaches, with a tendency for the motivational approach to dominate*. The dominance of the motivational and (partly) competency approaches toward civil-service management in Russia technologically proceeded as a series of *fast changes in civil-service legislation*. That is why we will prove our hypotheses by means of qualitative-evaluation **methodology**. We use the expert ranking of norms as a qualitative method. Namely, we will investigate the collection of Federal normative acts from the years 2012 and 2013 which are in the process of development or just recently adopted.<sup>3</sup> There are more than 250 norms distributed among 5 complex acts, and every norm will be evaluated according to its belonging to one of the theoretic approaches (competency, motivation, personal team-attribution). We will

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3 It should be noted that there are scissors between the current legislation in power and legislative and regulatory compliance practices in Russia: the current legislation may be rather progressive while the respective practice is archaic and heterogeneous. It is the dynamics of current legislation that is analyzed in this paper. The topic of “current legislation vs. regulatory compliance practice” correspondence demands quantitative investigations of different kinds, including statistics of law enforcement, which have not been explored for Russia yet, for all we know.

examine the new Russian Federal recruitment rules, staffing and manpower management peculiar to officialdom.

Let us evaluate the priorities of the present approaches toward human-resources management in civil service in Russia. We would start from the analysis of the draft complex amendment to Federal Law No. 79-FZ of 27 July 2004 on Russian Federation Civil Service. The amendment is recently developed by the MLSP of the Russian Federation (at the end of 2013), and it is currently being coordinated with other federal government bodies. The complex amendment describes the requirements of the entrance test in appointment to the office position, the renovation of job descriptions (reglements – regulation acts) the establishment of effective contracts, the introduction of individual plans for professional development, the reshaping of professional education and training for civil servants. We will examine the draft amendment as completed on 1 January 2014.<sup>4</sup>

We intend to use research methodology as follows.

- We will determine the norms of the amendment that refer to the principles of the professional-competency approach (Approach 1) or to the principles of motivation (Approach 2) or to the principles of team attribution (Approach 3) with regards to active civil servants and candidates, respectively. Herewith we attribute the norm to Approach 2 if it includes principles of professional competency and the principles of motivation as well. The requirement of motivation we will evaluate as the step beyond the requirement of professional competence, because usually motivation is required in addition to professional competencies (Bonder et al. 2011). The reference to the amendment description is to be represented as a score table (*Appendix*).
- We take the gross amount of the norms of the complex amendment to Federal Law about Civil Service of Russia as one hundred percent. Then we will evaluate the amendment reference to the human-resources development approach as a percentage ratio. The results will be presented as Histogram 1.

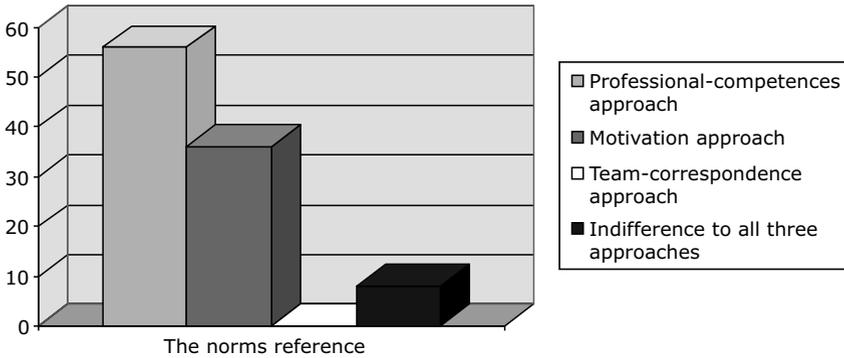
There are 25 norms in the recent complex amendment to Federal Law about Civil Service (see: *Appendix*). The distribution of norms among the HRM approaches is as follows: 14 norms refer to reinforcement and intensification of the requirements of professional competencies (56%), 9 norms (37%) refer to the requirements of motivation correspondence (which includes 5 norms as all-together requirements of professional competencies and requirements of motivation correspondence), 2 norms (8%) are beyond the 3 approaches (unrelated to them).

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<sup>4</sup> The draft amendment is under process of consultations among the government federal bodies (mechanism of working inter-departmental groups). Also, we take into consideration the results of open hearings of the amendment by different expert organizations under the guidance of “The Open Government”, which is already reflected in the present draft.

**Histogram 1 (Bar graph)**

The norms distribution in the complex amendment to Federal Law about Civil Service in Russia: orientation toward the professional-competences, motivation and team-correspondence approach



Resume: the norms in the draft amendment to Federal Law about Civil Service of Russia refer to a reinforcement and intensification of the requirements for professional competencies to a large extent; they refer less to motivation correspondence and ignore the principles of team attribution completely.

**Part 2. Verifying research: Additional Russian civil-service data analysis: Comparison of approaches toward civil-service management before the mirror of recent MLSP methodology and of the New Federal Program for Public Service Reform and Development draft**

Is it correct to state that the trend toward merit and motivated civil service exists not just as some fragment of new Russian legislation, but is the same in other legal enactments? Are other new acts intentionally congruent to the draft amendment to Federal Law about Civil Service of Russia, mentioned above? What approaches to human-resources management can we investigate in some new statutory enactments and their drafts that are in a process of preparation or have already been approved?

Let us examine two other new documents in this area as sources of additional data on Russian civil service.

- Three Handbooks of the methodic recommendations for Russian Federal government bodies: 1) the methodology for complex civil servants effectiveness evaluation, namely *The Reference Book of Professional Qualities*; 2) the competence requirements to office positions in civil service; 3) the guide for personnel selection for vacant positions in Civil Service. All three methodologies were

adopted by the Ministry of Labor and Social Protection of Russia (MLSP) in December 2013<sup>5</sup>;

- The draft of Federal Program of Reforming and Developing of Public Service of the Russian Federation (2014–2018), which is also prepared by the MLSP (version of the draft on 1 January 2014<sup>6</sup>).

The methods to be used here are just the same as those already applied in the previous research (see Part 1 and *Appendix*). The next three tables are presented as pie charts instead of histogram just to stress the difference between the results of the main and additional data research.

**(1) Comparative data analysis from the Handbooks of methodic recommendations (civil-servants effectiveness evaluation; competence requirements for office positions; principles and procedures of personnel selection for vacant positions): which approach for HRM prevails in civil service?**

Handbook No 1: *Methodic Recommendations on System of Complex Civil Servants Effectiveness Evaluation*. Approaches for HRM are concentrated on: Item 2 (professional-qualities evaluation); Item 3 (performance and efficiency office-activity evaluation); Item 5 (qualification evaluation); Item 12 (consideration of integral evaluation results); Appendix 1 – (the reference book of professional qualities). These items and Appendix 1, in particular, are to be examined from a perspective of supporting the respective approaches of human-resources management. There is an expert review of the methodic recommendations presented in the items, aimed to determine whether one of the approaches to human-resources management is supported by Methodic Recommendations, and if so, which.

There are 116 articles to be evaluated, in the Methodic Recommendations on System of Complex Civil Servants Activity Evaluation (Items 2, 3, 5, 12, Appendix 1) as a combined total of, among them, 66 articles establishing professional competence correspondence (57% approximately), 19 articles establishing motivation correspondence (17% approximately); just one article establishes team correspondence (around 0%), and 30 articles are indifferent to the approaches to human resources development in Civil Service (26% approximately).

Handbook No 2: *Methodic Recommendations on Competence Requirements to Office Positions in Civil Service* as follows: Item 2 (primary and standard competence requirements), Item 3 (functional competence requirements), Item 4 (special competence requirements). Appendix 1 (the reference book of competence requirements) could not be taken into consideration by an expert review, because some

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5 The Handbooks of methodic recommendations are placed now on the website of MLSP (see References: <http://www.rosmintrud.ru/labour/public-service/71>).

6 The draft is already approved by the expert group of MLSP of Russia.

part of its norms is supposed to be established later by some other government bodies (so-called blanket norms).

There are 6 articles in the Methodic Recommendations on Competence Requirements to Office Positions in Civil Service (Items 2, 3, 4) as a combined total of, among them, 5 articles establishing professional competence correspondence (83 % approximately); just one article establishes motivation correspondence (17 % approximately); no articles refer to team correspondence or are indifferent to the approaches to human-resources development in the public sector (around 0 %).

Handbook No 3: *Methodic Recommendations on Personnel Selection for Vacant Positions* as follows: Item 2 (personnel leverage), Item 3 (kinds of selection), Item 4 (evaluation methodology), Item 5 (examination, probation).

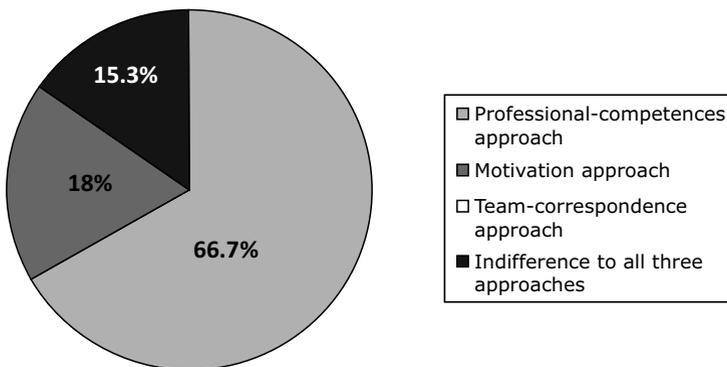
There are 10 articles in the Methodic Recommendations on Personnel Selection for Vacant Positions in Office in Civil Service (Items 2, 3, 4, 5) as a combined total of, among them, 6 articles establishing professional competence correspondence (60 %), 2 articles establishing motivation correspondence (20%); no articles refer to team correspondence (0 %), and 2 articles are indifferent to the approaches to human-resources development in the public sector (20 %).

By making the percentages of the three Methodic Recommendations Handbooks mentioned above equal (the quantity of articles does not matter, but the percentage does) we get: professional competence correspondence (66.7%), motivation correspondence (18 %), team correspondence (0 %), indifference to the approaches to human resources management (15.3%).

The results are presented as a Pie Chart 1.

**Pie Chart 1**

the Methodic Recommendations Handbooks attributed to the HRM approaches (professional competences establishing, motivation-correspondence approach, and team correspondence)



Evidently, in comparison with the draft amendment to Federal Law on Civil Service of Russia, the Methodic Recommendations are more focused on professional competences and less focused on establishing motivation. There are more norms being indifferent to the approaches to human-resources management, as well.

**(2) Comparative data analysis extracted from the draft of Federal Program of Reforming and Developing of the Civil Service of the Russian Federation (2014–2018): approaches to human-resources management prevailed**

Let us discuss the level of priority of the professional correspondence establishment over the motivation correspondence establishment and the team correspondence establishment at the same time in this continuation draft of the Federal Program of Reforming and Developing of the Civil Service of the Russian Federation.

The main propositions about approaches toward human-resources management are presented in the units of the Program named “Tasks” and “Actions”. We should evaluate the relation of propositions at Tasks and Actions with all three approaches to human-resources management. The distribution of data shows which propositions are in support of which approaches.

The aim of this supplementary research is: 1) to discover the nature of Tasks and Actions units’ compliance with approaches to human-resources development and determine whether they are similar or not (i.e. whether these two pie charts are alike); 2) to determine whether the priorities of the draft of the Federal Program, the priorities of human-resources development reflected in the draft amendments to Federal Law about civil service in Russia and the priorities of the Methodic Recommendations Handbooks are the same.

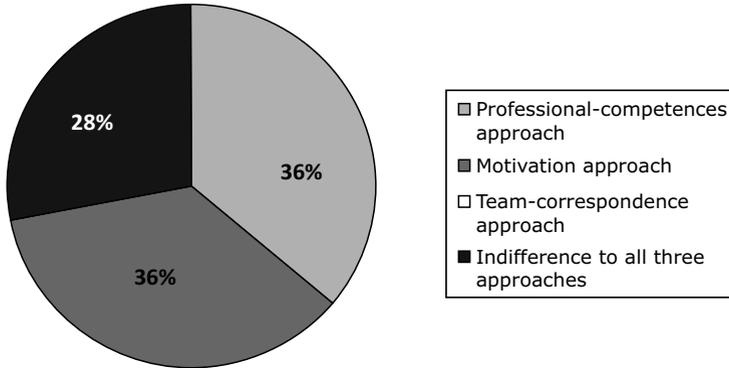
There are 14 propositions (articles) in the task unit aimed to be included in the draft of the Federal Program as a combined total of, among them, 5 propositions that are aimed at improving professional competences (36%), 5 propositions aimed at motivation improvement (36%); no propositions refer to team-correspondence improvement (0%), 4 propositions declare the principles being indifferent to the approaches to human-resources management (28%).

Evidently, the draft of the Federal Program toward its tasks shifts the focus to the elaboration of professional competences and motivation approaches.

Now let us examine the Action unit of the Federal Program draft. There are 86 propositions aimed to be included in the draft of the Federal Program as a combined total of, among them, 26 propositions aimed at the improvement of professional competences (30%), 42 propositions aimed at motivation improvement (49%); no propositions refer to team-correspondence improvement (0%), 18 propositions declare the principles being indifferent to the approaches to human resources management (21%).

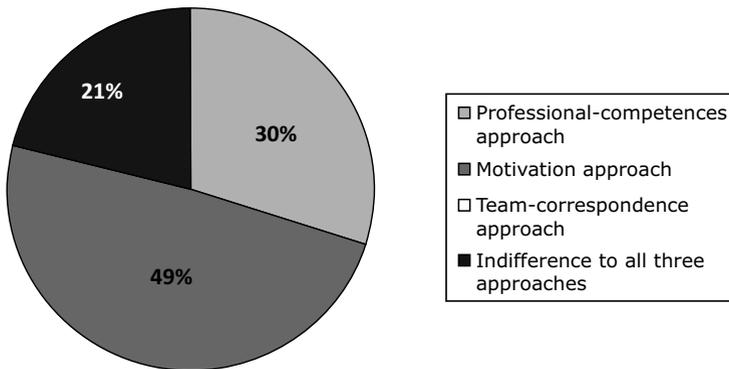
**Pie Chart 2**

Tasks at the Federal Program attributed to the HRM approaches (establishing professional competences, motivation-correspondence approach and team correspondence)



**Pie Chart 3**

Actions in the Federal Program attributed to the HRM approaches (establishing professional competences, motivation-correspondence approach and team correspondence)



The data shows that the draft of the Federal Program is not homogeneous: propositions at in the actions unit are more targeted on motivation approach to human-resources management.

If we take into account the recent quite evident theoretical research shift to professional motivation from competencies (according to citations indexes in the group of leading international scientific journals on Public Administration and Management, the “motivation targeted articles” at HRM area have been in the lead-

ing position in the last three years), we should to say that the draft of the Federal Program, especially its Actions unit, fully satisfied the trend toward the motivation approach, despite the fact that the draft amendment to Federal Law about Civil Service and the Methodic Recommendations Handbooks is more oriented toward the competency approach.

## **Conclusion and proposal**

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The motivational approach toward selection, promotion, content of job descriptions and of effective contracts, professional education and training for civil servants has become the statistically evident priority for Russian civil-service management in the last years. It is combined right now with the professional-competence approach and can be described as a synthetic motivation-competency set of principles for cadres management. It is also evident that the mechanism of implementing new principles into the practice of civil-service management starts with the preparation of new legislative acts according to motivation-competency principles. However, the next steps to fix the motivation-oriented selection and promotion principles are not produced yet. We think that it is the weakest point of the Russian civil-service management system: organizational measures need to be supported by some special government body that is responsible for transformations, but numerous attempts to establish such a body have failed. We believe that further studies on the basis of data-collecting, namely of the types of personal professional motivation of civil servants and of kinds of stimulation provided by agencies, of actual professional competence distributions among areas and positions of civil service, of promotions to higher-ranking positions on the base of team membership, etc. are of great interest. There are many questions to be answered by such future research, like: What kind of data is better to collect in the mentioned areas? How is this data interrelated, do some statistically valuable relations exist of promotions with motivation level or with levels of professional competences or with team membership? How to better combine all three basic approaches toward human-resources management in civil service in practice; how to set the organizational measures for implementing the motivational approach?

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**Appendix: Evaluation Table  
(Complex Amendment to Russian Federal Law about Civil Service)**

№	Content of the proposed norm from the complex amendment to Federal Law about Civil Service	Orientation of the norm on the selected Human Resources Management approach (Professional-Competencies approach; Motivation approach; Team-Correspondence approach; outside the borders of all three basic approaches)	Commentary (explanation of the expert evaluation)
<b>1</b>	Qualifications requirements for job positions at civil service should determine the professional level that is necessary for civil-servant professional activity implementation at given job position (Article 12, part 1)	Professional-Competencies approach (1)	For every job position the professional (competency) requirements are established
<b>2</b>	3 kinds of qualifications requirements are introduced: basic, functional, and special (Article 12, part 2)	Professional-Competencies approach (1)	All 3 kinds of qualification requirements jointly determine the necessary qualifications level of employee
<b>3</b>	The content of basic qualifications requirements in accordance to the groups and categories of job positions is established (Article 12, part 3)	Professional-Competencies approach (1)	In the list of the basic requirements we can find the key options: 1) personal experience of the work in positions related to the area of job responsibility; 2) getting a bachelor's or master's degree according to the job speciality and specialization (positions at civil service). This definitely qualifies as the requirements of specific professional competencies

<b>4</b>	The functional qualifications requirements should include the requirements for the profile of professional education, for the experience of civil servant, for knowledge and skills that are necessary for duty fulfillment according to the directions (specializations) of civil service (Article 12, part 4)	Professional-Competencies approach (1)	Functional requirements are oriented toward merit
<b>5</b>	Special qualifications requirements should include the requirements for professional education, its direction and specialization, for the experience of civil servant, for knowledge, skills and professional qualities that are necessary for duty fulfillment according to the directions (specializations) of civil service (Article 12, part 5)	Professional-Competencies approach (1)	Special requirements are oriented toward merit
<b>6</b>	Exam (system of tests) before the nomination for job position should be done according to the purpose of clarifying the professional level of candidate (Article 27, part 1, 2).	Professional-Competencies approach (1)	The tests before nomination for job position are aimed at clarifying professional correspondence to the job position
<b>7</b>	Exam (system of tests) before the nomination for job position could be eliminated for the candidates who just finished the proper educational program at university according to the Agreement on Education between University and Government body with the obligation to get the job position at given government body after receiving diploma (Article 27, part 5, point 2).	Professional-Competencies approach (1)	The entrance tests are not necessary if the professional correspondence to the job position already established by the fact of diploma
<b>8</b>	Exam (system of tests) before the nomination for job position could be eliminated for the candidate who is nominated for the job position according to the cases specially clarified by the federal laws (Article 27, part 5, point 3).	Outside the borders of all three basic approaches	Such a nomination cannot be related to any of the three basic approaches toward human-resources management at civil service
<b>9</b>	To replace the requirement of "experience in any position of public service" for nomination for the higher position on the requirement of the experience in the positions of the proper professional specialty or specialization (Article 31, parts 1, 2, points 1, 4, 5).	Professional-Competencies approach (1)	This is definitely the higher level of professional requirements

<b>10</b>	To establish the possibility to break the job contract under the initiative of employer (Article 33, part1, point 4).	Outside the borders of all three basic approaches	It could be any reasons and circumstances, including out of the professional, motivation or team-correspondence approaches
<b>11</b>	Government bodies provide the planning, organization and implementation of the measures aimed at professional development of civil servants (Article 44, part 1, point13).	Motivation approach (2)	The concept of professional development is related to the motivation approach
<b>12</b>	To add to the list of possible conclusions on the basis of attestation procedures the new position "to recognize the civil servant who has passed the attestation successfully and to include the civil servant into the Cadres Reserve of civil servants under the conditions of passing the proper training program, which is proposed by job position basic functional requirements (Article 48, part 15, points 2.1).	Professional-Competencies approach (1)	The referring to qualifications requirements means the orientation toward the professional approach
<b>13</b>	To add to the list of possible conclusions on the basis of attestation procedures the new position "to direct the civil servant for professional education in a bachelor or master degree program, program of executive MPA level under the conditions of special order from gvt body to the University (Government pays for education of civil servant to the University) (Article 48, part 16, point 1.1).	Professional-Competencies approach (1)	The referring to educational professional requirements means the orientation toward the professional approach
<b>14</b>	To include the time of professional education of civil servants into their job fulfillment and to keep their position and salary during the period of education (Article 53, part 1).	Motivation approach (2)	The concept of professional development is related to the motivation approach
<b>15</b>	To replace the words "length of service or of work in the proper professional area" with the words "length of service or of work in the direction of professional education specialty" (Article 60, parts 5, 9).	Professional-Competencies approach (1)	This is definitely the higher level of professional requirements

<p><b>16</b></p> <p>To propose the system of Agreements about special orders from government bodies to the Universities (Government pays for education of the students to the Universities) on the basis of competitive selection of applications from the students (or civil servants) who already are in the process of education in proper bachelor's/master's degree programs (Article 61, part 2).</p>	<p>Professional-Competencies approach (1)</p>	<p>The requirements of professional education definitely attributed to the professional-competences approach</p>
<p><b>17</b></p> <p>Professional development of civil servants is aimed at:</p> <ul style="list-style-type: none"> <li>• Supporting the professional qualification of civil servants on the levels appropriate for their professional duty fulfillment;</li> <li>• Increasing the professional qualities of civil servants, including the servants in cadres reserves as well as the civil servants' possessing the new professional knowledge and skills (competencies) out of particular position (Article 62, part 1).</li> </ul>	<p>Professional-Competencies approach (1); Motivation approach (2)</p>	<p>The requirements of the professional-competencies approach definitely exist here. But, above them, when the norm speaks about possessing new professional knowledge and skills, this qualifies as the implicit requirements of the motivation approach</p>
<p><b>18</b></p> <p>To train the cadres for civil service and to support the measures for professional development of civil servants according to the government bodies' programs for professional development of civil servants (Article 62, part 2, point 1).</p>	<p>Motivation approach (2)</p>	<p>The concept of professional development is related to the motivation approach</p>
<p><b>19</b></p> <p>To establish the lists of measures for professional development of civil servants including the measures of practical nature (advising, test fulfillment of other duties, etc.) (Article 62, part 2).</p>	<p>Professional-Competencies approach (1); Motivation approach (2)</p>	<p>Such measures cannot be aimed just on the current job positions' activity support, but on the professional development. It meets the motivation approach requirements</p>
<p><b>20</b></p> <p>To establish the detailed requirements for needed levels of higher professional education of civil servants according to their job positions (Article 62, parts 1, 2, 3).</p>	<p>Professional-Competencies approach (1)</p>	<p>To refer the requirements of higher professional education for civil servants according to their current job positions means to accept the Professional-Competencies approach</p>

<b>21</b>	<p>The individual plans for professional development of civil servants should be the basis of the Government body program for professional development of civil servants (Article 62, parts 3, 4, 5).</p>	<p>Motivation approach (2)</p>	<p>The individual plans for professional development of civil servants shapes the directions of professional development of Government body, and the Government body program for professional development of civil servants is impossible to prepare without taking into account the motivation of civil servants</p>
<b>22</b>	<p>The detailed requirements for professional training programs of civil servants are established according to their current job positions (Article 62, parts 1-6).</p>	<p>Professional-Competencies approach (1)</p>	<p>This is definitely the higher level of professional requirements</p>
<b>23</b>	<p>The goals, requirements and forms of advising for civil servants at cadres reserves and for civil servants promotions are established (Article 62, parts 1-4).</p>	<p>Professional-Competencies approach (1); Motivation approach (2)</p>	<p>The institute of practical advising can be used both for improvement of current activity and for professional development</p>
<b>24</b>	<p>There are other (new) measures for professional development of civil servants established, to include the forms as implementing the duties in the temporary positions at other government bodies, as seminars, as training, as group consultations, as individual self-education (Article 62).</p>	<p>Professional-Competencies approach (1); Motivation approach (2)</p>	<p>Because self-education is included into the measures, it is implicitly attributed to the motivation approach</p>
<b>25</b>	<p>The State Order for organizing measures on professional development of civil servants is established on the basis of applications of Government bodies that are founded on the Government bodies' programs for professional development of civil servants (Article 63, parts 1, 2, 3).</p>	<p>Professional-Competencies approach (1); Motivation approach (2)</p>	<p>The State Order is a combination of Professional-Competencies and Motivation approaches toward the human-resources management in civil service</p>

# Economic Crisis in Local Budgeting in Slovenia<sup>1</sup>

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## Abstract

The article tries to see the possible budgetary consequences for local budgets in Slovenia. Since the local level, especially in Slovenia, is underestimated in the analysis of effects of the economic crisis we are trying to indicate the possible elements showing that the economic crisis is not only a national but also a local issue. However, in the case of Slovenia, measured by the budgetary data, one can hardly argue that there is systematic change in local budgeting connected to the local crisis – even though some indicators show time-related changes in the period that is considered to be “economic crisis”.

**Keywords:** Slovenia, municipalities, budgeting, economic crisis

## 1. Introduction

When an economic crisis takes place, be it national, regional or global, its effect on the territory tends to be uneven. Even within countries themselves, the crisis has different effects in various regions and municipalities/cities (Cohen 2011). Taking into account this point, it is no surprise that any economic crisis causes different reactions in different countries in the private as well as the public sector (Horváthová et al. 2012, Kattel et al. 2011, Kindlerberger 1989, Sedmihradská 2011). The public sector generally implements one of two options. It either increases public spending in order to increase demand (possibly resulting in higher deficit and public debt),

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or it declares crisis and starts with a budgetary savings programme (Pollitt 2010). In both cases effects are only partial due to the fear that any change which is more than incremental would worsen the situation.

Early warnings about the possibility of a severe economic crisis were given already in 2007 when the Governor of the Bank of Slovenia exposed early difficulties in the American real-estate market and possible consequences on other spheres of economic activities (Pinterič 2009). The world economy, and particularly the most advanced economies, slowed down substantially in 2008 and had gone into a deep recession by 2009. The transition/post-transition countries of CEE were also significantly affected by the crisis. The situation did not improve in any meaningful way for the years 2011 and 2012 (Nemec 2013, 306).

Municipalities represented by the local governments may not be able to change the course of global events. They do not control the macroeconomic variables, and frequently they do not even have enough resources or legal independence to decide how to use them. On the other hand, they do have many advantages, such as the final say on the development of the territory, understanding territory not only as a mere physical space, but as a complex web of history, capital, political and institutional agreements, as well as social relations (Cohen 2011). We are quite strongly aware of measures that have been taken by the states in the economic crisis, but much less so of how local governments have been influenced by the unfavourable economic situation. However, an overview was elaborated, for instance, by CCRE/CEMR (2009) and there are some research outcomes, too, e.g. Blöchliger et al. (2010), Sedmihradská (2010a), Sedmihradská (2010b).

## **2. Theoretical background**

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The recent economic crisis drew lots of academic attention. While some authors were dealing with these issues from a theoretical perspective (e.g. Peters 2011), a high number of authors was dealing with developments in particular countries (e.g. Antić 2013, Blažek and Netrdová 2012, Cabaleiro et al. 2013, Halmosi 2013, Zafra-Gómez et al. 2013), and some others were focused either on regions (e.g. Hadjimichalis 2011) or only on an individual municipality/city (e.g. Schipper 2014). Academic discussion, based on empirical results, led to “new” buzzwords arising, such as austerity (e.g. Blyth 2013, Betsy and Lobao 2014, Dickinson 2014, Hugh-Jones 2014, Pollin and Thompson 2011) or fiscal/financial health (e.g. Cabaleiro et al. 2013, Levine et al. 2013). Taking into consideration a high variety of approaches of different governments (including local governments), “good austerity” and “bad spending” took us into a period of self-defeating budget cuts (Blyth 2013, 9). One can even find thoughts that the present state is nothing but a kind of onset of a New Fiscal Ice Age, i.e. a period in which a given level of tax revenue purchases a considerably lower level of current services (Kiewiet and McCubbins 2014).

It is more than evident that all over the world the economic crisis, besides other determinants, has also significantly influenced the budgeting at the national as well as the lower levels of governance (Bastida et al. 2013, Connolly 2012, Kirkpatrick and Smith 2011, Maličká et al. 2012, Lodge and Hood 2012, Peters et al. 2011). In this manner it may be expected that not only national but also local budgets should face some serious cuts and changes on both the revenue and the expenditure sides (Paulais 2009). This was valid, for instance, for Croatia, where the effects of the economic crisis on local governments can be observed through the fall in revenues and expenditures (Drezgić 2011). On the other hand, Špaček and Dvořáková (2011) were dealing with the impact of the economic crisis on local budgets in the Czech Republic, and they pointed out that the crisis did not affect the local budgets so seriously because, inter alia, the municipalities were able to draw on financial reserves they had accumulated in the past few years. However, according to them this statement was valid in 2009 when nobody was sure how long the crisis would last. In addition, they concluded that the municipal budgets were affected by the economic crisis more than regional budgets but less than the central budget. This might be valid in general, especially if one takes into account the negative impacts of the crisis on sources of taxation levied by central government – such as company tax (through lower profits), personal-income tax (through higher unemployment) and VAT (through lower retail sales). Or at least this is what one could expect based on the lower revenues of individuals and companies, consequently lower amounts of collected taxes and finally smaller budgets based on tax revenues (Rodríguez Bolívar et al. 2014). Only property taxation is “relatively” protected from the crisis. From this point of view, the local governments which use property taxation should be in a more safe position (Nickson 2010).

Budgetary institutions might increase their debts, but living on borrowed money can only be a temporary solution which is initially avoided by the budgetary institutions (Paddison and Bailey 1988). On the other hand, there are many other instruments that may help to improve the efficiency of public expenditures if properly implemented (Nemec 2013). Concerning the strategies for coping with fiscal pressures, different authors suggest different measures/strategies. Walzer et al. (1992) defined the following set of strategies that can be used by the local governments:

- Expenditure strategies/reduce expenditures
  - Reduce operating expenditures (e.g. personnel and non-personnel costs)
  - Reduce capital expenditures (e.g. capital spending freeze and deferral of non-essential capital projects)
  - Reduce participation in grant programmes requiring local matching contributions
- Increasing revenues (e.g. increase in local tax rates, increase local fees, sell assets)
- Management strategies/productivity increases
- Delegating responsibilities through contracting-out or co-operation.

Other strategies have been proposed by Miller and Svara (2009), who suggested either 1) increasing revenues or drawing down financial reserves in order to maintain or increase local government expenditures or 2) expanding or accelerating local capital projects. As they mentioned, there is a majority of those cities that had decided for the first kind of strategies. Another overview of such strategies can be taken from Hanis et al. (2010), who looked at recommendations from various scholars, and they divided those recommendations into four groups: 1) tax adjustment, 2) stimulus programme from central government, 3) inviting investors and tourism, and 4) increasing efficiency and effectiveness related to municipal asset management. States and sub-national authorities decided for different measures to overcome the decrease of revenues (CCRE/CEMR 2009, COE – OSF/LGI 2010, Davey 2011).

### **3. Aims and methods of indicating effects of economic crisis on local budgets**

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The main aim of the article is to evaluate the impact of long-lasting economic crisis on local budgeting (in the case of Slovenia). Due to the general debate on all-over savings and reductions in revenues we want to understand how vulnerable local budgets are to the changed economic situation.

In this article we concentrate on the case of Slovenian municipalities, since there is no significant research in this field in Slovenia. It is one of the most prosperous post-transition CEE countries, which fell to the group of countries with the most severe economic problems. Due to this, we will analyse different types (urban and rural) of Slovenian municipalities in the following aspects: 1) Has the economic crisis influenced the level of the revenues of local governments? 2) If there is any influence, how have municipalities responded to the possible lack of usual revenues? 3) And if the expenditure strategies are used, where (i.e. in which areas) have savings taken place (e.g. human resources, social transfers or investment and development projects)? Within this context we assume the following: 1) Based on the experience of other EU countries, we can assume that the revenues of local governments in Slovenia have significantly declined since the beginning of the economic crisis. 2) The lack of revenues has led local governments in Slovenia to reduce their expenditures. 3) Local governments in Slovenia have used savings programmes – especially reduction of investment projects.

The economic crisis can have different impacts at the local level in comparison with the national level. We expect municipalities with a dominantly rural background to have been less affected by the economic crisis than those with predominantly industrial or post-industrial economy. In addition, we expect the later municipalities to have realised lower tax revenues and to have changed the structure of expenditures in a way to keep at least the existing bureaucratic expenditures. On the

other hand we think that the local governments have tried to shrink investment and maintenance expenditures while they have had to increase so-called social transfers (especially those connected to maintaining a certain level of social security).

The main expectation is that there is no substantial change in the area of reforming the local government system and its administration in order to make it more effective in the times of crisis. Instead we expect a reduction of the funding for social transfers and investments while there is no significant change in municipal expenditures (primary not for salaries). If this is proven true, one can assume that economic crisis in the case of Slovenian local governments has been a more appropriate excuse for reducing money for certain social activities and not for reforming the local government system and its administration in a way to provide services to the citizens more efficiently.

In order to do so, we use two levels of data. The first is the level of national aggregate data for all Slovenian municipalities, and at the same time we use a sample of 24 out of the 212 Slovenian local governments in the time-frame 2005–2012. There are 12 statistical regions, which are at the same time NUTS III regions in Slovenia. We have selected and consequently analysed one rural and one industrial municipality for each region, and we have avoided municipalities with special status (so-called city municipalities) if possible.

**Table 1**  
List of selected municipalities

<b>Statistical region</b>	<b>Higher share of employees in agriculture in municipality compared to total active population</b>	<b>Lower share of employees in agriculture in municipality compared to total active population</b>
Goriška	Brda	Ajdovščina
Gorenjska	Vodice	Škofja Loka
Osrednjeslovenska	Moravče	Mengeš
Savinjska	Solčava	Nazarje
Koroška	Prevalje	Mežica
Podravska	Starše	Hoče Slivnica
Pomurska	Moravske Toplice	Lendava
Zasavska	Trbovlje	Hrastnik
Posavska	Brežice	Krško
Notranjsko-kraška	Postojna	Cerknica
Obalnodraška	Hrpelje – Kozina	Piran
Jugovzhodna Slovenija	Škocjan	Straža

None of the selected municipalities has the special status of city municipality (which brings a special position to certain municipalities (additional competences) in the local government system in Slovenia and makes them partly incomparable); however, in some cases there are differences in size (area as well as population). The municipalities have been selected randomly on the basis of the relative share of employees in agriculture, which can be understood as an indicator of urban/rural areas (urban areas have a lower share of agricultural workers). In the Zasavska and Posavska regions, the difference between selected municipalities is relatively low, while in other regions the differences are significantly high.

After a short overview of the main frame of Slovenian legal limitations related to local budgeting (which are important to understand the main frame of revenues) we analyse the main budgetary components of the selected local budgets and their national aggregates (totals) or averages.

Personal-income tax is used as it is the main revenue source for the local governments in Slovenia (creating over 75 % of total revenues in some cases), and it is responsive to the changes in economy. The personal-income tax indicates the dependency of municipality revenues on employment and a working economy.

Real-estate transaction and other financial taxes are used as indicators of the flexibility of the local markets, which should react to the economic crisis even faster and in a more significant way. It also indicates the normality in the life cycle of consumption of the population. Reduced incomes in this sphere indicate the emergence of saving behaviour of citizens.

Government subsidies are used as the indicator of assistance from the central level. Increased government subsidies as share of revenues indicate the need of municipalities to cover their primary expenses. Meanwhile the reduction of the government subsidies can be explained either as budgetary issues on the national level or as good balance of local government in their primary revenues.

On the expenditure side three main categories of expenditures are used. First, expenditures for the salaries (without social security fees because they are paid back to the budget and are correlated to the salaries), since they are on one hand the most fixed expenditures, but at the same time they offer options for reductions as a product of rationalisation of work.

Second, the social transfers are used as an indicator due to the local government's role in supporting local community distress. On this matter, an increasing share of social transfers in total expenditures in the budget indicates the reduction of the life quality in the municipality and should be in negative correlation with personal-income tax. The significant fall of social transfers during the economic crisis indicates budgetary savings.

And third, the share of investments in total expenditures within the local budget shows the capability of the local government to create conditions for overcom-

ing the crisis in the sense of mid-term economic development (including long-term increase of the quality of life). Next to the data from the selected municipalities, aggregate national data are used.

The data from the selected municipalities are compared according to Table 1 in order to see potential differences in local and rural areas. The comparison of the data, based on this bias, is to verify the general idea that rural areas are much less vulnerable to economic changes due to the characteristics of agricultural economy and a different understanding of the economy on the part of the inhabitants (including the local politicians).

#### **4. Short overview of Slovenian local finances legislation**

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The reduction of GDP as a consequence of the economic crisis under unchanged other conditions (increased and new taxes as well as unchanged expenses) necessarily means a reduction of budgetary revenues as well as increasing public debt. Negative effects of the economic crisis can be further multiplied in the case of ineffective public administration that is not able to search for internal reserves in resources.

Slovenian legislation defines financial sources of the municipalities. Among the main acts are the Local Self-Government Act (LSGA) and the Financing of Municipalities Act (FMA) and their amendments, the Act amending the Local Government Act (LSGA-A) and the Act amending the Act on Local Finances (FMA-A). Of course there were different supplements and even more, but at this point we only refer to those most important for the issue at hand (see also Milunovič 2005, 108–112). Article 52 of the LSGA stipulates that municipalities finance local matters of public interest from their own resources, funds from the state budget and borrowings. Their own resources are taxes and other fees and income from municipal property (See Milunovič 2005, 112–114). In Article 2 the FMA notes that revenues from taxes and other duties specified by the LSGA and revenue from taxes, charges, fees and other charges specified by special laws, belong to municipalities. Based on Article 21 of the FMA, the funds to finance the so-called guaranteed expenditure are drawn from the inheritance and gifts tax, gaming tax, real property transaction tax, administrative fees, a special tax on the use of gambling machines outside of casinos in the amount specified by the individual law that introduces a specific tax. However, on the same legal basis and in the amount determined by the FMA, the municipalities are also provided with part of the tax revenue from personal-income tax to finance the so-called guaranteed expenditure. The most important source of tax revenue for the municipalities is part of the personal-income tax that is currently 54% of total personal-income tax collected in the any given municipality.

In the case of insufficient budgetary revenues, the state is obliged to provide financial offset in the amount that the public spending per capita of any municipality reaches an average of at least 90% of the average consumption per capita in the

municipalities of the Republic of Slovenia. This means that the state is obliged to provide the difference in financial capacity to the extent that in any of the municipalities (municipal) public spending per individual would not deviate downward by more than 10% of the average public spending per individual in all Slovenian municipalities. Article 56 of the FMA stipulates that the state is obliged to provide additional funds to the municipality for:

- Carrying out urgent tasks of the municipality;
- Financing the tasks, the state transfers to be managed by the municipality;
- Co-financing local affairs of public interest when it has a special interest in their development;
- Offsetting by investing, in accordance with the programme in municipalities, with the lowest communal standards.

The municipality is required to define its revenue and expenditure for the next budgetary year, which is equal to the budgetary year of the state, in the municipal budget. According to the budget for the next year, the municipality may only use the revenue received by the end of the previous year. If the municipality budget for the next year is not accepted by the end of the previous budgetary year, the municipality is temporarily funded by a system of “twelfths” on the basis of the budget from the previous year, until a new budget is adopted.

Additional funding, provided by the Slovenia legislation on the financing of municipalities, comes from the borrowing of funds, which is intended only to finance investment and is particularly precisely defined. Borrowing is also only allowed for the financing investments approved by the municipal council, whereby the assignment must be approved by the Ministry of Finances. The municipality should not be indebted for more than 10% of revenue realised in the previous year and the repayment of principal and interest should not exceed 5% of the revenue realised in the current year. More extensive borrowing is exceptionally possible to finance housing construction, water supply, sewage treatment; but only if the repayment of the principal does not exceed 3% of revenue realised last year (Milunovič 2005, 116).

## **5. Empirical results**

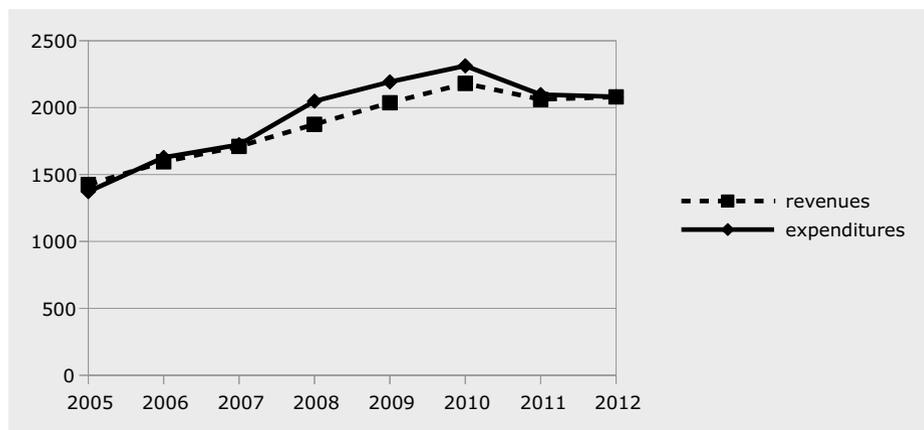
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When looking at the selected local governments' budgets and the aggregated data (see Graphs 1, 2, 3) one can observe certain pattern of changes. The data in Graph 1 show that between 2008 and 2011 the local governments had up to 8.5% higher expenditures than revenues, which is the highest deficit within a year in the analysed period. Despite an ongoing discussion on the savings and reduction of costs, it is visible that only in 2010/2011 expenditures were reduced by about 5% (the reduction of revenues was even smaller) in order to balance the yearly budget (previous debt is not taken into account). From these data one can also read that the impact of

the crisis on local budgets in Slovenia has been relatively limited in the sense of the revenues change, and the effect of the crisis seems to be delayed by approximately two years.

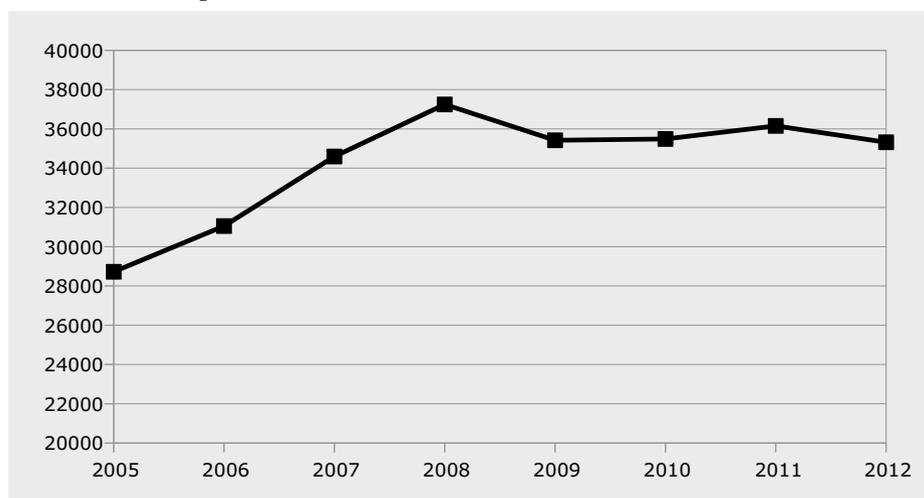
**Graph 1**

Developments of total revenues and expenditures of local governments in Slovenia (in Mio €)



**Graph 1a**

Development of the GDP in the selected time frame (in mio €)



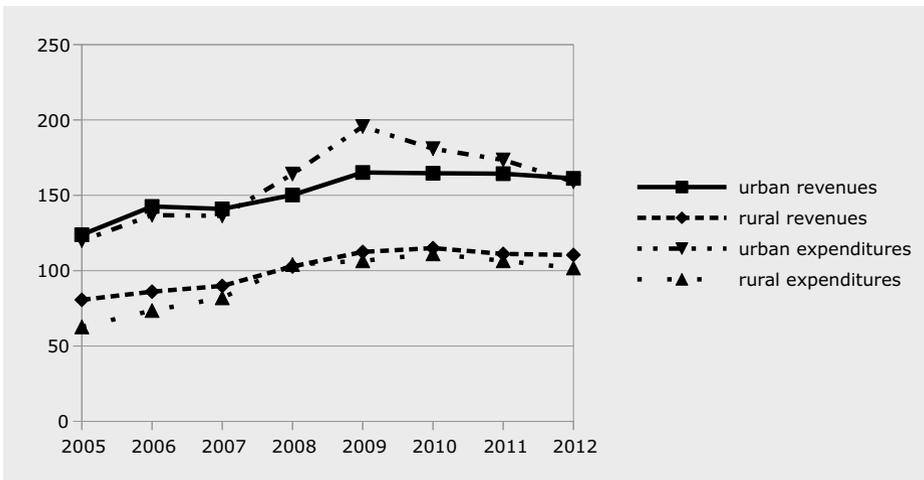
Graph 1a shows some proximity to the changes of the economic situation with the local revenues and expenditures (Graph 1) and even more so in the cases of selected municipalities (Graph 2). Compared to Graph 2, a resemblance between

GDP and revenues of municipalities (rural and urban) is visible. However, one can see that changes happen with a delay of one to two years (Graph 1 shows a longer delay time than Graph 2 in comparison to Graph 1a).

The data in Graph 2 show the comparative differences among rural and urban municipalities. It is obvious that the urban municipalities in general have bigger budgets. At the same time one can observe that the local governments in rural municipalities are much more concerned with keeping their budgets balanced, while the local governments in urban municipalities prefer to spend more. In the selected cases of the urban municipalities it is also visible that they cut the expenditures relatively fast (in 2009/2010) after the beginning of the crisis (Graph 1 shows that on the national level this was the case one year later). At the same time it is possible to observe that in both cases, the revenues were more stagnant than being reduced (even if in individual cases, one can observe a decrease in revenues and in expenditures), which somehow contradicts the observations in the case of Croatia (see Drezgić 2011).

**Graph 2**

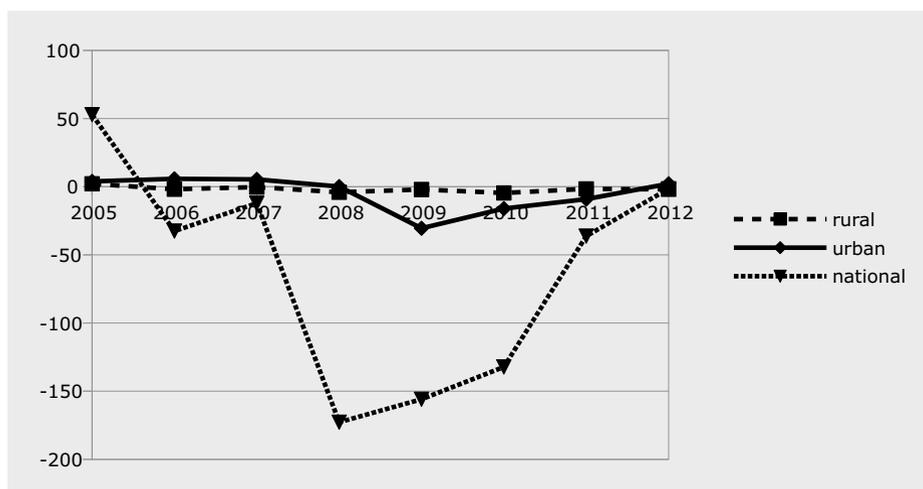
Comparison of developments of revenues and expenditures of both rural and urban municipalities (in Mio €). Full data for selected cases are available in Table 8.



From the given perspective one can argue that the local governments have reacted to the crisis, but on the revenue side they have not been significantly affected. Nevertheless, the data in Graph 3 show at least one rather important difference between rural and urban municipalities which was also indicated in Graph 1. As is visible, the local governments in rural municipalities are more capable/willing to keep their budgets in balance with relatively low yearly budgetary deficits (accumulation is not taken into the account), while the local governments in urban municipalities

are on one hand more able to achieve budgetary surpluses (which can be considered a consequence of the different economic structure of municipalities), but on the other hand they are probably more willing and capable to increase the deficit. On the national level the size of the budgetary deficit (see Graph 3) shows the size of financial crisis as it is not visible on the revenue and expenditure side (see Graph 1).

**Graph 3**  
Deficit trend (in Mio €)



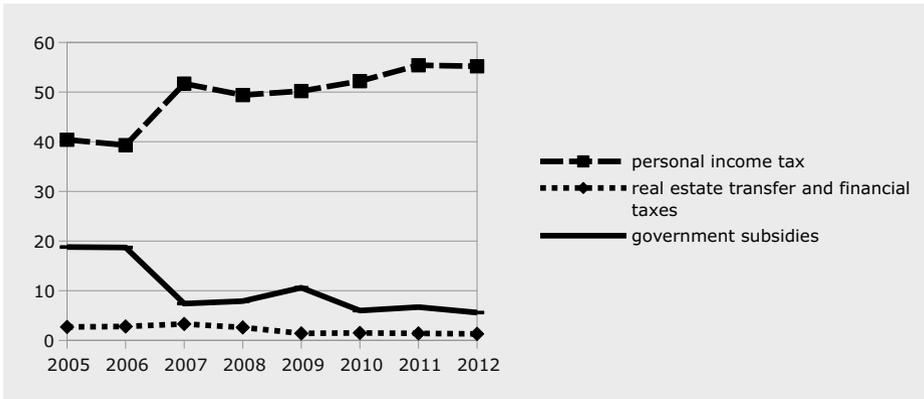
Remark: The data in Graph 3 show the strong differences between rural and urban municipalities concerning financial management as well as the development of the deficit at the national level. Comparing Graph 4 (expenditures part), it is possible to assume that the majority of increasing levels of deficits can be assigned to the increasing levels of investments at the national level. At the same time, Graph 3 also explains how municipalities reduced the effect of the GDP reduction in 2009–2011 by increasing the deficit.

The data in Graph 4 show an overview of shares of certain budgetary revenues and expenditures. One can observe the reverse relation between the raise of personal-income tax and lower government subsidies. At the same time the increasing level of personal-income tax in total revenues confirms that other budgetary revenues were slightly reduced during the crisis. Besides, an increasing reduction of the central government's subsidies shows an incapability of the government to support local governments. The last but not the least significant change is in the field of both social transfers, which were reduced in the times of crisis, and investments, while the expenditures for salaries were even partly increased in the structure of the aggregate municipal expenditures.

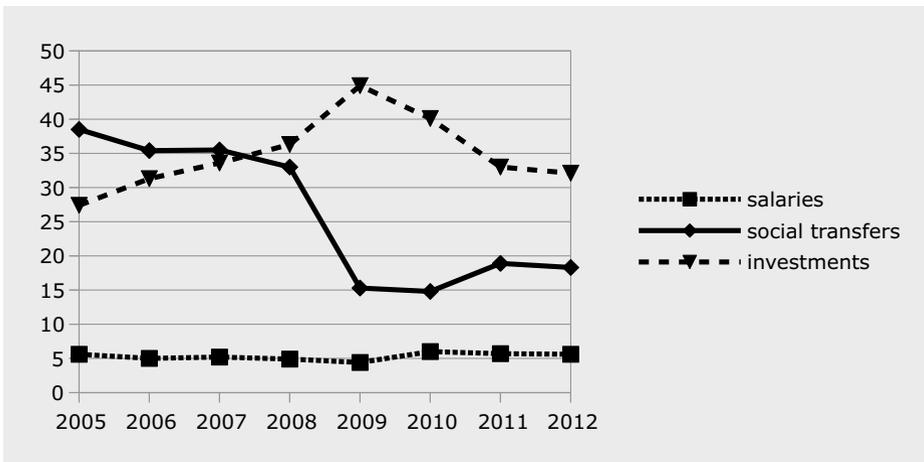
**Graph 4**

Overviews of the national changes in the selected budgetary categories of revenues and expenditures (%)

REVENUES



EXPENDITURES

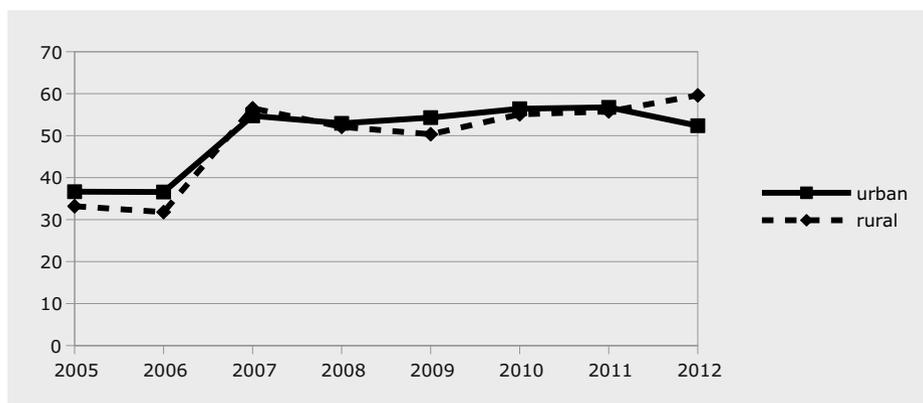


Since 2009 the personal-income tax revenues in municipalities were slowly rising as a share of total municipal revenues. However, one can argue that in all municipalities where the change of the personal-income tax is higher than 5%, it is a consequence of migration of population or a change of the working-force structure in a certain municipality. According to the gathered data we can argue that concerning the personal-income tax there is no specific data indicating a serious danger of a systematic smaller share of revenue that could be significantly connected exclusively to the economic crisis. However, we can see that in a certain year in an individual

municipality there might be some shock, and it takes place mainly in 2009 despite the fact that the lowest national revenues are marked in 2008 (2005 and 2006 are not relevant in this case due to the FMA-A effect in 2007). Table 2, more than anything else, shows the dependency of Slovenian local budgets on the personal-income tax. It is confirmed by the corresponding Graph 5, which focuses on personal-income tax as the share of of all revenues in selected urban and rural municipalities.

**Graph 5**

Personal-income tax (as % of total revenues) for the selected rural and urban municipalities

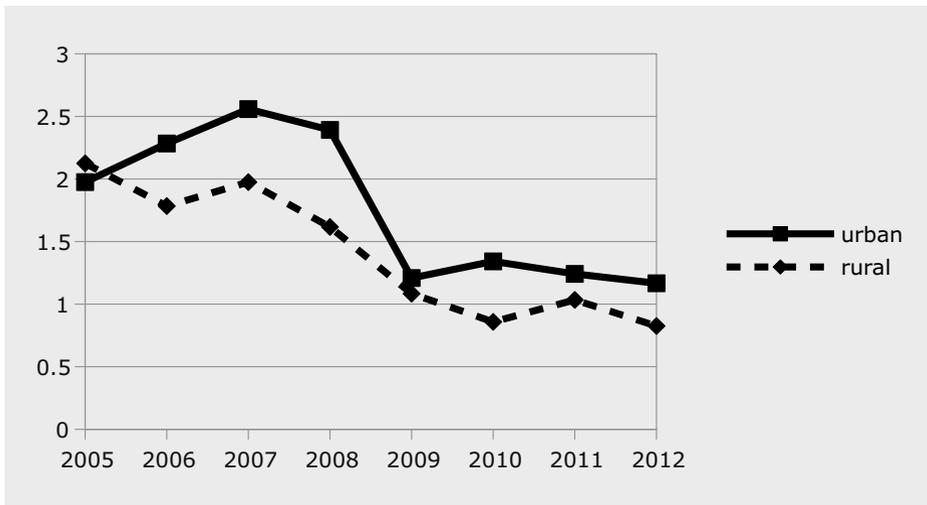


The real-estate transaction and financial taxation indirectly show how much people and the economy can afford bigger expenditures. The data in Table 3 show well the interest for certain local governments. In this sense it is obvious that after the break of the real-estate market a prime location like Piran (a tourist location at the seaside) or Mengeš (a suburb of the capital) became much more interesting. In addition, other locations kept their average rates of demand, and in the last two years even the less valuable locations became a bit more interesting (measured by means of the real-estate tax transaction income that is paid in the municipality where sold real estate exists). At the same time it is obvious that in 2008 the overall real-estate transaction taxation indicates that a slightly lower number of real-estate transactions was made. In contrast to the personal-income tax it is obvious that in 2009 revenue from the real-estate transactions tax and other financial taxes decreased by approximately 50 %, meaning that savings and possibilities to buy real estate declined. Although these revenues are only a small part of all municipal revenues, they are showing the financial situation of the population. The trend of lower demand was retained in 2010, with the exception of some municipalities where the prices of real estate are high (Piran, Vodice, Škofja Loka and Trebnje in particular), and in 2009, due to the low demand the prices became lower, which caused an increase in real-estate investments of those individuals who still disposed with

funds but for whom previous prices had been too high. From this perspective, the municipalities with “elite locations” in 2010 realised a somewhat higher real-estate and other financial taxes revenues mainly due to lower prices of previously over-priced real estates. However, on the national level one can still see a general stop of the real-estate market and low-level income from the property transactions. The data of Graph 6 show that on the level of aggregation interest in selected rural areas is in constant decrease, while in the case of urban areas, the effect of the crisis is more visible.

**Graph 6**

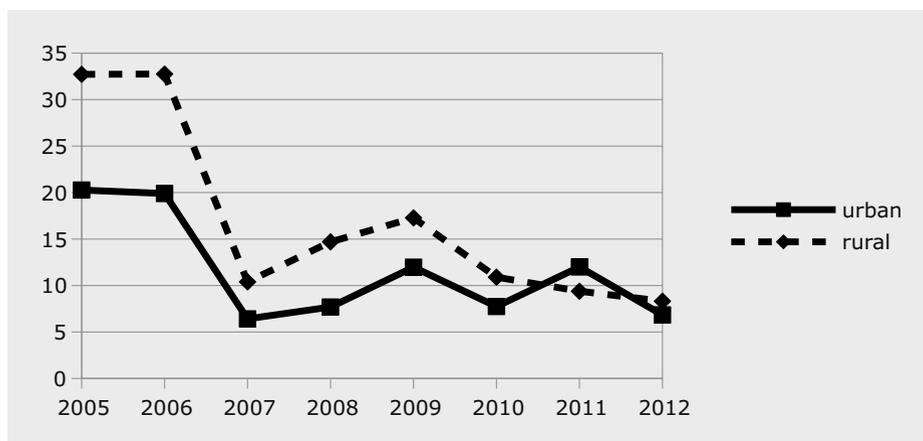
Real-estate transaction and other financial taxes (as % of total revenues) for the selected rural and urban municipalities



Government subsidies for the local budgets are in opposite relation with the personal-income tax in relation to changes of legislation in 2007. However, it is more than evident that certain municipalities, such as Solčava, Moravske Toplice or Mežica, have been facing significant difficulties and have been getting official help from the state budget more often. Overall, it seems that the local governments realised smaller revenues from taxation, so in 2009 the state had to increase subsidies to a share that is greater than expected normal fluctuation as measured in the previous years. The drop of the central government subsidies in 2010 and in the following years indicates that the government was not capable to maintain budgetary support for the local budgets due to national financial concerns. This seems to be an indicator that the local governments have been affected by the budgetary and economic crisis on the national level. The data of Graph 7 show that there is no significant difference in the case of urban and rural areas.

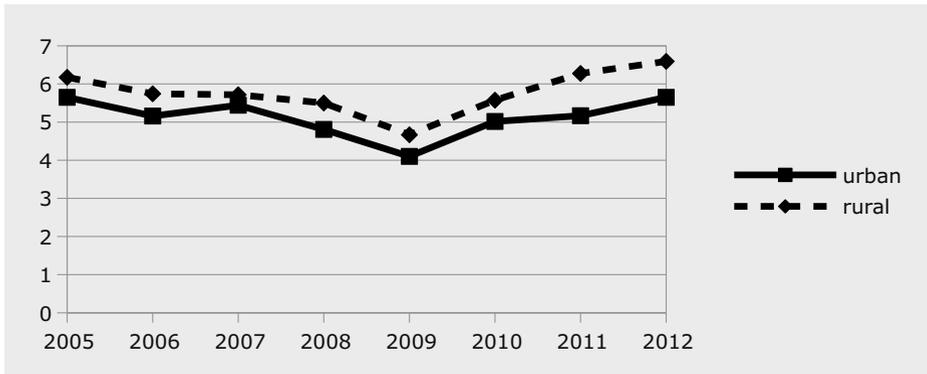
**Graph 7**

Government subsidies (as % of total revenues) in the selected urban and rural municipalities



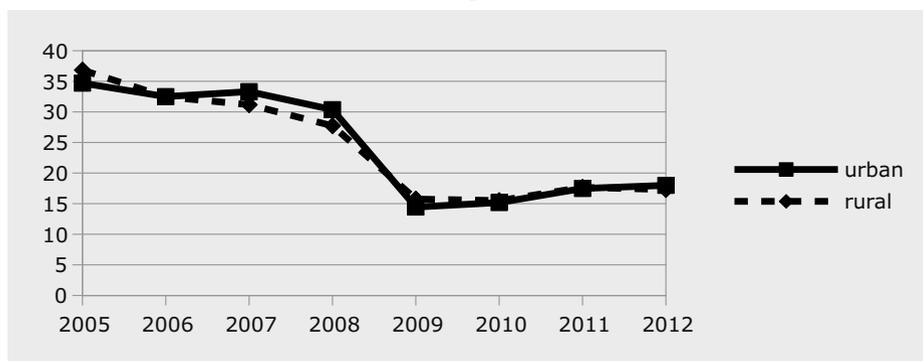
On the expenditure side of the local budgets the salaries are one of the main expenditures in the municipalities. Other current expenditures and social-security subsidies are not included. Although it seems that the salaries are more or less constant with a slow ratio of becoming a less significant part of the local budgets, one can argue that they are not systematically connected to the economic situation. Due to the central government's measures taken in 2009 one could expect the local governments to face significant cuts in 2010, but the local governments increased in average expenditures in this field by 1.6% to 6% as the national average, and in the selected municipalities even by 2.8%. In this manner the average expenditures for salaries and other payments to employees were even higher in 2010, the "crisis year", than in the period of economic growth (2005–2007). It indicates a questionable responsibility of the local governments with regard to their budgeting in times of economic crisis. Although the salaries and other payments to employees dropped a bit in 2011 (according to the national average), it is the case that in most of the selected municipalities (2/3), expenditures for salaries increased. However, on the national level this change is rather small, and it is within the frame of pre-crisis rates. This indicates that the local governments have had more or less no possibility to reduce the work costs at the current level of efficiency. The data of Graph 8 show that the crisis left salaries almost intact or even increased. Within this context, the difference between the urban and rural municipalities can be understood also as an indicator that the local governments in urban municipalities (in general with more civil servants) have more options to reduce labour costs than the local governments in rural municipalities.

**Graph 8**  
Salaries in urban and rural municipalities (as % of total expenditure)



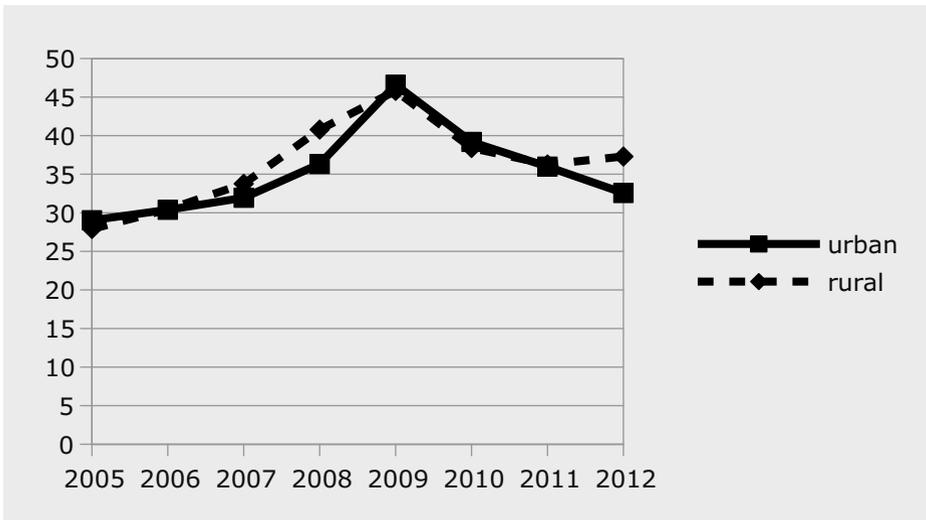
Similar to the salaries of local civil servants, the social transfers to the private sector and households have been slowly lower and lower and in this sense until 2008 it is not possible to confirm that the economic crisis demanded any serious measures taken by the local governments in order to protect the social stability of areas. On the other hand, we can see that certain local governments have had issues from time to time which have not been connected directly to the general economic situation but can be understood as a result of local situations, too. The local governments lowered the social transfers by about 50 %. It seems that the economic crisis in Slovenia resulted not in a worse economic situation (measured by means of personal-income tax collection) but mainly in lowering the quality of life (measured by means of the social transfers). It seems that the local governments have searched for internal reserves. In 2011, the local governments were not able to keep social transfers low and despite their general reduction compared to the pre-crisis situation, they rose by almost 4 % on the national level. This shows that the economic situation of inhabitants and the private sector got worse to the point that even in the time of the budgetary savings, the local governments were not able to ignore the economic situation. The data of Graph 8 show that there is no difference between the urban and rural municipalities in cutting the social transfers as the first measure of response to the economic crisis.

**Graph 9**  
Social transfers (as % of total expenditure) in the selected urban and rural municipalities



Until 2008, the national average shows that the local governments were increasing their investments into local economy or into their own municipal projects. On one hand we can explain this with an improving capability to use the European funds and we can argue that also the central government's calls that public sector should spend more in times of the crisis in order to keep the economy going were relatively successful. New investments since 2007 have also been connected to the greater share of the personal-income tax allocated from the national budget. The local governments started aggressive investment spending of public money in 2009, obviously counting on the classical economic cycle of growth, when more investments mean more work, higher employment and salaries in order to spend more money and pay more taxes. However, the first impressions from 2009/2010 show that despite the logic of such an economic cycle, there is a steadily growing number of unemployed working force in Slovenia. It leads us to ask the question whether the investments have been starting a new growth cycle or whether they have just been increasing profits of management with an increasing divide between poor and rich as the final consequence. In 2011 the investments dropped to the 2007 level and have been kept at this level, which indicates that the local governments have played just the social role, while development has been temporarily put aside. The data of Graph 10 explain Graph 9 in a sense that due to the reduction of social transfers the local governments were able to continue their investment plans during 2008/2009. Also in this case no significant difference between rural and urban municipalities can be observed.

**Graph 10**  
Investments (as % of total expenditure) in the selected urban and rural municipalities



## 6. Discussion and concluding remarks

The analysis of Slovenian local budgets shows a relatively low sensitivity to the economic crisis, and in the fields where we can see some more significant changes they are behaving in opposition to our expectations and those of other authors (e.g. Bastida et al. 2013, Connolly 2012, Maličká et al. 2012, Lodge and Hood 2012, Peters et al. 2011) that not only national but also sub-national budgets will face significant reductions and restriction. Municipal budget structures did not change significantly with the exception of changes in the share of personal-income tax allocated to municipalities and the subsequent drop of government subsidies to municipalities. On the revenues side, Slovenian municipalities do not have real-estate tax but rather some fee (which plays the same role). Some authors (e.g. Nickson 2010) argue that this is rather secure tax revenue. In the case of Slovenia we need to disagree, since personal-income tax creates on average 55% of all budgetary revenues of Slovenian municipalities, in some cases even over 70%. However, even if expected (e.g. Paulais 2009), total revenues expenditures did not change significantly or distinctively from yearly incremental changes. In this manner we can argue that Slovenia is closer to the Czech Republic (see Špaček and Dvořáková 2011) than to Croatia (Drezgić 2011) concerning the effect of the economic crisis on local budgeting, and we can reject the thesis about a reduction of revenues. One can observe the trend that social transfers and investments were lower at the national level as well as in some of the selected municipalities, so one can argue that expenditures were not so

much reduced as redistributed (according to the data expenditures even increased in the first years of the crisis). On the other hand an increased level of expenses for salaries and other payments to the employees show that municipalities did not apply any cuts in the administrative structure and even increased the shares spent on human resources. Changes can indicate two potential reasons, one is that the state is still taking almost the complete burden of crisis on the national budget, and the second is that municipalities excluded themselves (or are excluded) from solving local economic problems as much as possible. This can be further explained by municipalities having only limited autonomy as well as limited responsibility for the local development, even though they are proclaimed to be the main structures of local development in Slovenia. In this manner one can say that from the policy perspective Slovenia is a strongly centralised country with no significant possibilities for municipalities to influence their activities by adjusting the budgetary policy (they are limited only to reduction of budgetary expenses, since they cannot adjust tax levels or even impose new taxes) or by taking any other relevant economic or social policy measures that are not defined on the state level (e.g. municipalities cannot create a different structure of social transfers than is defined by state social policy). As Pollitt (2010) stated for the public sector, it either increases public spending in order to increase the demand (possibly resulting in higher deficit and public debt), or it declares crisis and starts with a budgetary savings programme; this can also be observed in the case of Slovenian municipalities, where they firstly tried to even increase the expenditures and later they re-established them on the level of the available revenues. Based on the analysed budgetary data, one can see that any from various possible strategies according to Walzer et al. (1992), Miller and Svava (2009) and Hanis et al. (2010) did not take place, since on the level of analysed municipalities, as well as on the national level only minor adjustments of expenditures took place. However, based on selected cases one can see that municipalities adjusted the structure of expenditures by cutting social transfers and later on also investments while keeping or even partly increasing the share of expenses for employment.

Although the article seems to be relatively well supported by the data, one should be aware of a few flaws which make this text of only limited value. First, the selection of cases, even if carefully prepared, defines the results, which means that any other combination could bring a different picture, more in favour of a different explanation. All the municipalities are relatively small and have different characters than bigger or especially city municipalities. More indicators should be used to absolutely understand all the changes; also different local strategies should be further consulted to search for individual budgetary changes. A higher number of cases would improve the quality of aggregate data. However, this is to be the subject of further analysis as well as a collection of additional time points, which could further support the statements in this article or disprove them.

For the analysed period we can see some budgetary changes that can be directly connected to the economic crisis. We can argue that hypothetical changes in municipalities, as represented in the introduction, can still occur but with a slight delay of 2–3 years, especially due to the new wave of economic instability emerging in Slovenia in the second half of 2011 and continuing in 2012. From the general perspective on the effects of the crisis, it seems that the recent crisis has been used in the cases of some countries simply as an opportunity to solve old problems in old ways (Brorström 2012), which was, in the case of Slovenia, exposed by Prijon (2010, 2012).

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## Appendix: Tables 2–7

**Table 2**  
Personal-income tax (as % of total revenue)

	2005	2006	2007	2008	2009	2010	2011	2012
Brda	39.6	37.7	54.8	58.1	44.1	42.3	49.2	61.4
Ajdovščina	39.7	41	54.2	56.3	61.8	53.8	56.5	58.4
Hrpelje-Kozina	22.6	26.5	53.8	41.2	39.9	51.3	55	47.5
Piran	35	20.8	28.6	34.4	27.3	38.6	32.6	38.9
Vodice	50.4	34.7	45.6	58.9	49.6	63.1	58.8	66.2
Šk. Loka	48.5	44.7	51.7	51.6	55.7	58.3	61.4	62.4
Solčava	10.8	11.6	56.7	45.8	31	34.7	48.2	53.3
Nazarje	33.3	32.2	50.7	57.1	41.8	46.2	53.8	62.8
Prevalje	39	42.5	61.8	60	63.4	60.5	51.7	67.9
Mežica	46.7	44.1	68	52.4	67	60.2	54.1	63.3
Starše	31.8	29.2	55.2	54.2	51.2	48.8	54.6	56.5
Hoče-Slivnica	41.3	44	64.3	62.8	69.8	69.8	64.7	68.5
Moravske Toplice	19.1	19.7	54.2	37	48.7	56.5	56.8	57.6
Lendava	29.5	24.7	57.3	47.3	55.7	61.6	59.9	53.7
Moravče	40.1	37.7	52.9	72.3	66.8	76.3	75.2	77.2
Mengeš	57.9	60.5	60.6	66.2	66.1	64.3	68.8	66.2
Žužemberk	23.4	23.7	69.7	58.4	60.7	66	54.1	56.6
Trebnje	32.8	31.2	62.3	57.3	63.8	66.4	68.1	55.7
Brežice	31.4	30	58.9	49.1	50.2	58.5	55.3	60.9
Krško	27.6	29.5	42.7	37.8	37.8	41.8	43.7	42.3
Trbovlje	41	47.3	62.4	46.6	56	58.6	58.5	58.8
Hrastnik	25.6	34.9	62	55.2	40.5	48.7	50.1	54.2
Postojna	49	40.9	52.2	43.6	42.4	44.4	51.8	51.4
Cerknica	22	31.3	54.2	56.9	64.4	67.3	67.3	64.8
Sample average	34.9	34.2	55.6	52.5	52.3	55.7	56.3	56
National average	40.4	39.3	51.7	49.4	50.2	52.2	55.4	55.2

[http://www.mf.gov.si/slov/fin\\_loksk/obrazec\\_P\\_P1/real\\_P\\_P1.htm](http://www.mf.gov.si/slov/fin_loksk/obrazec_P_P1/real_P_P1.htm)

**Table 3**  
Real-estate transaction and other financial taxes (as % of total revenue)

	2005	2006	2007	2008	2009	2010	2011	2012
Brda	0.6	1.1	1.2	2	1	0.5	0.8	0.7
Ajdovščina	1.6	1.9	2.3	1.4	0.7	0.9	1.1	0.9
Hrpelje-Kozina	2.6	3.7	5.2	3.7	1.7	1.2	1.5	0.6
Piran	5.3	4	8	7.6	3.4	4.7	2.7	2.9
Vodice	9.9	3.8	2.9	3.2	1.6	2.4	2.5	1.2
Šk. Loka	3.2	2.9	2.4	2.2	1	1.8	1.6	1.5
Solčava	0.1	0	0.5	0.3	0.1	0	0.2	0.4
Nazarje	1.5	2.6	1.5	1.5	0.5	0.7	0.7	1.5
Prevalje	1.2	1.8	1.3	1.1	0.7	0.7	0.9	1.1
Mežica	1	1.1	1.1	0.5	1	0.8	0.5	0.7
Starše	0.6	0.7	1	0.4	0.9	0.5	0.7	0.9
Hoče-Slivnica	2.3	4.1	3.4	3.1	2.2	1.7	1.5	1.1
Moravske Toplice	1.2	1.7	1.7	1	1.5	0.8	1	0.8
Lendava	1.1	1.5	1.3	1.1	0.8	0.8	0.7	0.7
Moravče	1.8	1.8	2.4	1.7	1.5	0.7	0.9	0.9
Mengeš	3	4.5	4.1	6.2	2.1	1.4	3.2	1.6
Žužemberk	1.1	0.7	1.2	1.6	0.5	0.6	0.5	0.6
Trebnje	1.8	1.6	2.5	1.7	0.8	1.3	1.1	1.1
Brežice	1.7	1.6	1.7	1.3	1.3	0.7	1.3	0.8
Krško	1.1	0.9	1.2	0.9	0.6	0.5	0.6	0.5
Trbovlje	1.7	1.9	1.5	1.1	0.9	1.1	1	0.8
Hrastnik	0.6	0.8	0.6	0.7	0.4	0.6	0.6	0.6
Postojna	3	2.6	3.1	2	1.3	1.1	1.1	1.1
Cerknica	1.2	1.5	2.3	1.8	1	0.9	0.6	0.9
Sample average	2	2	2.3	2	1.1	1.1	1.1	1
National average	2.7	2.8	3.3	2.6	1.4	1.5	1.4	1.3

[http://www.mf.gov.si/slov/fin\\_loksk/obrazec\\_P\\_P1/real\\_P\\_P1.htm](http://www.mf.gov.si/slov/fin_loksk/obrazec_P_P1/real_P_P1.htm)

**Table 4**  
Government subsidies (as % of total revenue)

	2005	2006	2007	2008	2009	2010	2011	2012
Brda	25.6	24.4	11.9	3.6	12.7	11.4	10.9	10.9
Ajdovščina	20.5	21.5	4.8	0.9	7.5	7.6	11.5	7.6
Hrpelje-Kozina	14.4	19.6	6.8	9.9	22.5	0.8	10.2	6.3
Piran	3.9	5.1	5.7	5.6	6.8	4	15.3	2.6
Vodice	9.1	1.7	1.4	3	23.3	13.8	2.9	1.8
Šk. Loka	6.9	5.1	2.8	2.5	6.7	5	4.8	2.1
Solčava	80.3	78	28.8	46	36.6	37.3	24.9	23.3
Nazarje	38.8	34.5	13	16.2	45.1	18.2	24.5	17.6
Prevalje	31.1	25.2	7.7	3.5	6.4	7.5	12	5.4
Mežica	27.5	22.2	8.1	18.7	4.9	16.4	27.8	10.5
Starše	20.6	33	10.1	8.9	8.7	14.5	3.7	2.4
Hoče-Slivnica	20	16.8	3.1	8.7	8.9	7.2	11.7	6.3
Moravske Toplice	51.5	54.5	13.5	46.4	30.6	9.7	14.1	16.9
Lendava	29.8	31.4	15.1	17.1	18.3	11.1	8.4	10.3
Moravče	38.7	34.5	4.6	5.8	12.1	3.9	6.4	3.5
Mengeš	3.5	3.9	0.3	0.8	1	1.5	1.1	1.1
Žužemberk	61.7	61.4	17.4	21.3	19.9	11.6	11.3	13.3
Trebnje	28.8	29.6	6	8.4	12.4	7	7.3	9.6
Brežice	34.5	33.9	10	18.5	23.6	14.9	7.4	6.3
Krško	20.5	21.4	6.6	3.4	12.7	4.1	6.3	4.2
Trbovlje	16.4	13.8	3.8	3.7	4.2	2.3	5.2	1.9
Hrastnik	21.2	23	2.6	2.5	6.3	3.8	16.6	3.3
Postojna	8.7	13	8.7	5.7	6.7	3.1	3.7	7.8
Cerknica	21.9	24.3	8.9	7.5	13.1	7	8.7	6.9
Sample average	26.5	26.3	8.4	11.2	14.6	9.3	10.7	7.6
National average	18.8	18.7	7.4	7.9	10.6	6	6.7	5.6

[http://www.mf.gov.si/slov/fin\\_loksk/obrazec\\_P\\_P1/real\\_P\\_P1.htm](http://www.mf.gov.si/slov/fin_loksk/obrazec_P_P1/real_P_P1.htm)

**Table 5**  
Salaries and other payments to employees (without social subsidies and other current expenses) (as % of total expenditure)

	2005	2006	2007	2008	2009	2010	2011	2012
Brda	6.6	6.1	5.8	6	3.2	3.5	4.5	5.9
Ajdovščina	4.5	4.1	3.6	4.1	3.8	3.5	3.9	4.9
Hrpelje-Kozina	4.2	3.6	4.5	3.6	3.7	4.9	5.7	4.1
Piran	7.4	6.7	7.1	6.5	3.8	6.6	7.1	7.6
Vodice	4.1	3.4	5	6.7	5.1	7.5	7.7	7.9
Šk. Loka	5.5	5.6	4.9	5.6	4.4	5.4	6.1	6.9
Solčava	9.8	12.7	10.4	8.6	6.3	8.5	13	19.1
Nazarje	5.8	4.8	3.4	3.3	2.3	3.1	4.4	5.9
Prevalje	7.5	7.1	6.9	6.9	6.6	6	5.4	4.7
Mežica	5.6	5.2	4.8	4.2	4.5	5	5.4	6.7
Starše	8.2	5.8	8.2	7.7	5.5	5.6	6.2	6
Hoče-Slivnica	5.9	6.7	5.7	4.7	4.9	5.5	4.8	5.2
Moravske Toplice	4.6	4.1	4.5	3.2	3.5	3.8	5.4	4.9
Lendava	9.7	5.6	9	6.1	6	6.7	7.4	6.5
Moravče	7.8	6.6	4.9	5.8	5.4	7.6	7.3	5.8
Mengeš	6.2	4.9	6.4	6.1	5	6.8	5.1	5.8
Žužemberk	3.2	3	3.3	3.5	3.4	3.4	2.7	3.2
Trebnje	4.5	4.1	5.1	4.1	3.6	4.4	3.7	4.2
Brežice	5.1	4.3	5.3	4.5	4.2	4.8	4.2	4.7
Krško	5.4	5	5.2	4.1	3	3.9	4.4	4.5
Trbovlje	5.3	6.2	5.7	4.5	4.5	6.4	6.7	6.1
Hrastnik	4.7	6.2	6.3	5.5	3.6	4.8	5.3	5.2
Postojna	7.7	6	4.1	5	4.6	4.9	6.5	6.7
Cerknica	2.6	3	3.8	3.4	4.3	4.5	4.4	4.4
Sample average	5.9	5.4	5.6	5.1	4.4	5.3	5.7	6.1
National average	5.6	5	5.2	4.9	4.4	6	5.7	5.6

[http://www.mf.gov.si/slov/fin\\_loksk/obrazec\\_P\\_P1/real\\_P\\_P1.htm](http://www.mf.gov.si/slov/fin_loksk/obrazec_P_P1/real_P_P1.htm)

Table 6  
Social transfers (as % of total expenditure)

	2005	2006	2007	2008	2009	2010	2011	2012
Brda	41.6	34.3	30.5	29.7	16.4	14.3	18.5	22.9
Ajdovščina	34.4	31.4	29.8	32.8	18.1	15.3	18.1	23.8
Hrpelje-Kozina	26.1	29.5	36.2	25.6	12.4	14.5	15.2	13.3
Piran	40.7	36.3	38.3	34.5	8.9	11.9	15.9	13.9
Vodice	33	26.9	32.8	38	17.5	23.3	21.5	24.7
Šk. Loka	30	28.4	22.8	24.5	15	19.9	22.5	25.2
Solčava	33.4	29.5	23.9	15.4	9	5.8	10.7	11.8
Nazarje	38.7	29.5	23.6	23.8	11.1	13.	15.1	20.3
Prevalje	36.3	32.8	29	29.4	20.7	18.2	18.5	15.7
Mežica	35.4	32.4	42.2	36.2	20	19.5	20.5	22.8
Starše	37.8	25.2	32.5	34.1	16.7	11.8	16	12.6
Hoče-Slivnica	37.6	44.1	37.4	31	22.5	19.8	18.8	19.6
Moravske Toplice	32	30.4	27.9	17.2	11.9	11.1	14.7	12.2
Lendava	37.5	23.5	38.2	29.8	14.8	13.4	16.2	14.9
Moravče	37.5	36.6	27.3	27.8	14.4	15	20.3	16.2
Mengeš	40.3	39.5	35.6	35.3	6.8	7	9.2	5.9
Žužemberk	36.2	27.1	35.1	34.3	24.1	22.8	20.2	20.8
Trebnje	36.3	32.4	35.3	29.5	18.3	21.9	18.9	18.2
Brežice	52.9	43.6	35.5	27.8	15.4	16.3	17	18.9
Krško	38.8	33.1	30.5	26.7	12.3	13.3	20.5	20.2
Trbovlje	36.7	42.8	36.5	29	17	19.7	20	20
Hrastnik	25.7	35.3	38.5	33.2	12.4	14.5	19.8	17.5
Postojna	38.6	30.9	26.8	24.4	13.5	13.3	19.4	18.7
Cerknica	20.9	24	27.5	27	13.2	12.6	14.3	13.6
Sample average	35.8	32.5	32.2	29	15.1	15.3	17.6	17.6
National average	38.5	35.4	35.5	33	15.3	14.8	18.9	18.3

[http://www.mf.gov.si/slov/fin\\_loksk/obrazec\\_P\\_P1/real\\_P\\_P1.htm](http://www.mf.gov.si/slov/fin_loksk/obrazec_P_P1/real_P_P1.htm)

**Table 7**  
Investments (as % of total expenditure)

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Brda	16.7	26.9	28.3	28.6	47.2	49.1	40.6	21.8
Ajdovščina	40.2	37.9	46.9	42.1	48.8	49.6	42.9	28
Hrpelje-Kozina	38.2	39.6	31.6	47.7	50.1	38.7	38.8	49
Piran	15.2	26.8	31.2	23.3	59.5	31.6	33.1	30.1
Vodice	34	44.7	30.4	19.1	33.4	22.9	29.6	26.2
Šk. Loka	40.2	36.7	42	34.1	54.9	38.2	31.9	27.1
Solčava	38.8	29	43.2	59.2	55.8	58.7	39	32.4
Nazarje	19.7	27	28	33	42.1	39.3	27.8	11.6
Prevalje	16.6	20.5	34.4	37.1	35.2	33.4	44.7	50.7
Mežica	7.7	9	18.2	35.6	39.3	40.2	39.1	31
Starše	23.2	10.1	16.	36.7	42.7	40.5	50.7	52.7
Hoče-Slivnica	17.4	13.6	23.7	39.6	38.6	38.7	40.7	46.2
Moravske Toplice	40.7	43.9	42	58.1	48.8	40.1	24	31.8
Lendava	31.2	56.1	26.6	33.7	38.9	36.6	29.4	34.2
Moravče	32.2	25.1	37.2	32.6	47.5	26.4	22.9	37
Mengeš	30.5	27.5	34.3	33.7	33	36.7	40.3	29.5
Žužemberk	32	38.4	36.1	29.5	45.9	34.4	46.4	49.1
Trebnje	27	27.3	28.5	30.3	46.9	34.3	42.1	44.1
Brežice	8.4	28.4	30.4	46.3	46.5	37.7	44.3	31.4
Krško	13.7	23.1	35.5	45.5	58.1	49.3	39.1	43.4
Trbovlje	32.2	20.1	31.1	49.1	45.1	32.4	23.4	32.2
Hrastnik	47.7	26.6	20.4	35.3	59.6	38.6	27.3	32.7
Postojna	21.8	38.4	44.4	45.4	51.4	46.4	30.8	33.3
Cerknica	58	53.1	48.1	49.7	39.5	37.1	38.1	32.9
Sample average	28.5	30.4	32.8	38.5	46.2	38.8	36.1	34.9
National average	27.4	31.3	33.6	36.3	44.9	40.1	33	32.1

[http://www.mf.gov.si/slov/fin\\_loksk/obrazec\\_P\\_P1/real\\_P\\_P1.htm](http://www.mf.gov.si/slov/fin_loksk/obrazec_P_P1/real_P_P1.htm)

**Table 8**  
Budgetary total revenues, expenditure and deficit (in mio €)

municipality	2005	2006	2007	2008	2009	2010	2011	2012
Brda	revenues	3.65	4.17	5.06	4.95	7.03	7.94	5.59
	expenditures	3.54	4.3	4.85	5.39	7.03	8.48	5.53
	deficit/surplus	0.11	-0.12	0.21	-0.44	0.0	-0.54	0.06
Ajdovščina	revenues	12.08	12.65	15.2	15.29	15.22	19.01	17.81
	expenditures	11.41	13.44	15.43	15.18	15.78	19.46	15.46
	deficit/surplus	0.66	-0.79	-0.23	0.11	-0.56	-0.45	-0.51
Hrpolje-Kozina	revenues	4.52	4.24	4.21	5.7	6.13	5.72	6.17
	expenditures	4.22	4.33	4.22	6.66	6.39	6.03	6.3
	deficit/surplus	0.3	-0.9	-0.0	-0.95	-0.26	-0.31	-0.48
Piran	revenues	17.87	32.43	22.87	19.78	28.6	21.59	22.46
	expenditures	18.58	21.92	22.22	26.27	40.58	27.8	24.05
	deficit/surplus	-0.76	10.51	0.65	-6.49	-11.98	-6.21	0.07
Vodice	revenues	2.31	3.86	4.16	3.43	4.57	3.9	3.84
	expenditures	2.81	4.0	4.11	3.59	4.44	3.9	3.84
	deficit/surplus	-0.5	-0.15	0.05	-0.16	0.14	0.0	-0.07
Šk. Loka	revenues	14.66	17.31	19.52	20.4	20.74	21.04	19.85
	expenditures	14.94	16.19	20.13	22.24	26.33	23.07	18.91
	deficit/surplus	-0.28	1.12	-0.61	-1.84	-5.59	-2.03	-1.6
Solčava	revenues	0.67	0.65	0.88	1.14	1.69	2.09	1.3
	expenditures	0.71	0.7	0.95	1.54	1.78	2.37	1.47
	deficit/surplus	-0.04	0.05	-0.07	-0.4	-0.09	-0.27	-0.15

Nazarje	revenues	1.51	1.78	2.55	2.34	3.39	3.52	2.97	2.56
	expenditures	1.37	1.79	2.56	2.68	3.74	3.32	3.16	2.35
	deficit/surplus	0.14	-0.01	-0.0	-0.35	-0.35	0.2	-0.19	0.21
Prevaljje	revenues	3.97	4.06	4.74	5.07	5.24	6.07	7.28	5.48
	expenditures	3.84	4.38	4.84	5.24	5.27	6.4	7.15	7.64
	deficit/surplus	0.13	-0.31	-0.1	-0.17	-0.03	-0.33	0.13	-2.16
Mežica	revenues	2.11	2.45	2.41	3.25	2.79	3.3	3.71	3.09
	expenditures	2.57	2.73	2.51	3.0	3.15	3.42	3.65	3.02
	deficit/surplus	-0.45	-0.28	-0.1	0.25	-0.36	0.13	0.05	0.07
Starše	revenues	2.57	3.08	3.47	3.66	4.11	4.86	4.39	4.26
	expenditures	2.23	3.6	2.87	3.22	3.63	4.63	5.28	5.5
	deficit/surplus	0.34	-0.52	0.59	0.44	0.48	0.22	-0.89	-1.25
Hoče-Slivnica	revenues	5.9	6.1	6.84	7.44	7.39	8.09	8.91	8.49
	expenditures	5.51	5.01	6.23	8.55	7.64	9.19	10.84	9.53
	deficit/surplus	0.39	1.09	0.6	-1.11	-0.25	-1.1	-1.93	-1.04
Moravske Toplice	revenues	4.96	5.44	6.22	9.41	7.44	7.57	7.26	7.29
	expenditures	4.68	5.29	5.8	9.92	7.4	7.82	6.21	6.95
	deficit/surplus	0.28	0.15	0.42	0.49	0.4	-0.26	1.05	0.34
Lendava	revenues	8.09	10.42	9.26	11.63	10.58	10.45	10.39	11.38
	expenditures	7.89	13.52	8.33	11.31	10.41	10.74	9.77	10.28
	deficit/surplus	0.2	-3.1	0.93	0.32	0.17	-0.29	0.62	1.1
Moravče	revenues	2.46	2.96	4.57	3.51	4.08	4.0	4.02	4.02
	expenditures	2.2	2.65	3.67	4.0	4.28	4.16	3.5	4.43
	deficit/surplus	0.26	0.31	0.9	-0.49	-0.21	-0.16	0.52	-0.4

Table 8 – continuation

<b>municipality</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Mengeš	revenues	3.86	4.03	4.62	4.46	5.1	5.51	5.34
	expenditures	3.68	4.44	4.53	5.13	5.36	5.71	6.23
	deficit/surplus	0.17	-0.41	0.91	-0.67	-0.25	-0.21	-0.88
Žužembark	revenues	3.05	3.38	3.76	4.66	4.68	5.16	6.02
	expenditures	3.08	4.17	3.6	4.22	4.68	4.99	6.58
	deficit/surplus	-0.03	-0.78	0.16	0.43	0.0	0.17	-0.56
Trebnje	revenues	12.89	15.07	10.98	12.48	12.13	12.95	11.42
	expenditures	11.76	14.44	10.64	14.86	13.96	12.65	14.7
	deficit/surplus	1.13	0.63	0.34	-2.38	-1.83	0.29	-3.28
Brežice	revenues	15.79	18.24	20.14	25.13	26.16	25.89	26.46
	expenditures	15.29	18.67	20.02	26.24	26.76	26.18	28.71
	deficit/surplus	0.5	-0.43	0.12	-1.11	-0.6	-0.8	-2.25
Krško	revenues	23.38	23.98	29.62	34.94	37.56	37.94	35.71
	expenditures	21.32	25.45	27.23	35.7	46.57	43.94	37.58
	deficit/surplus	2.06	-1.46	2.34	-0.76	-9.01	-6.0	-1.87
Trbovlje	revenues	11.75	10.6	11.75	16.32	14.86	15.17	15.34
	expenditures	11.52	10.37	12.82	17.85	16.41	15.11	14.53
	deficit/surplus	0.23	0.24	-1.07	-1.53	-1.55	0.05	0.81
Hrastnik	revenues	9.3	7.03	7.08	8.27	12.21	10.99	10.67
	expenditures	9.14	7.06	6.78	8.45	12.65	10.95	9.86
	deficit/surplus	0.16	-0.03	0.3	-0.18	-0.43	0.04	0.81

	revenues	9.13	11.71	12.69	15.99	18.14	18.73	16.52	16.72
Postojna	expenditures	8.57	11.1	14.21	16.19	18.44	21.1	15.99	15.43
	deficit/surplus	0.56	0.61	-1.52	-0.2	-0.3	-2.37	0.52	1.28
	revenues	12.21	9.38	10.0	9.92	9.44	10.26	10.07	10.51
Cerknica	expenditures	11.74	10.86	9.76	10.77	9.49	10.67	10.5	10.58
	deficit/surplus	0.47	-1.48	0.24	-0.85	-0.05	-0.41	-0.42	-0.07
	revenues	1424.94	1595.14	1710.49	1875.19	2036.56	2180.4	2061.17	2080.07
Slovenia total	expenditures	1372.08	1627.67	1722.59	2047.95	2192.46	2312.6	2097.4	2081.58
	deficit/surplus	52.85	-32.53	-12.1	-172.76	-155.9	-132.23	-36.23	-1.51



# Collaborative Benchmarking of Municipalities in the Czech Republic: Present Experience

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## Abstract

The article relates to the previous research of benchmarking of municipalities in the Czech Republic. The main aim is to map the development of collaborative benchmarking and define the main benefits and problems of the application of collaborative benchmarking in the Czech Republic. The following methods were used to reach the goal: literature analysis, analysis of benchmarking initiatives' websites and structured interviews with participants of projects. The responsible civil servants and politicians state in questionnaire surveys that the main benefit of implementation of benchmarking is an increase in effectiveness in processes and savings. Real quantification of these benefits, however, is problematic. Although positives outweigh the negatives, the benchmarking potential in this sphere is not fully exploited, the main reasons are the starting conditions, i.e. state system, the level of decentralization and fiscal autonomy, the size of administrative units and the level of area fragmentation, type of democracy and bureaucracy culture.

**Keywords:** collaborative benchmarking, public administration, Czech Republic

## 1. Introduction

This article follows the previous research of benchmarking in the Czech Republic and Slovakia that was published in the article "Introducing Benchmarking in the Czech Republic and Slovakia: Processes, Problems and Lessons" (Nemec et al. 2008). Other authors deal with benchmarking in the Czech Republic, as well. We can identify here several points of view on benchmarking, i.e. benchmarking in

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relation to effectiveness of provision of public services, (see Ochrana et al. 2007), benchmarking in relation to quality-management tools (Špaček 2009, Vrábková 2011, Vrábková 2012), benchmarking in relation to financial management (Neshybová 2011, Plaček 2013), benchmarking in relation to strategic management of municipalities and drawing of European funds (Plaček et al. 2014). The monograph by Široký et al. (2006) is still a very important source of information about benchmarking in the field of municipalities.

Also foreign studies deal with research of benchmarking in the field of municipalities. There is a quite extensive record from the following countries: Slovakia (e.g. Meričková 2012), Germany (Kuhlman and Fedele 2010), England, Scotland, Wales (Boyne 2002, Flynn 2007, Haubrich and McLean 2006, Hood 2007, Nutley et al. 2010, Martin et al. 2013, McAteer and Stephens 2013), Australia (Grace and Fenna 2013) and Sweden (Bjørn et al. 2008)

So far only a small number of publications deal with the comparison of experience with benchmarking among individual countries. The study (Kuhlman and Jäkel 2013) focuses on comparing experience with benchmarking of local governments of Sweden, England, Germany and Switzerland. Other comparative studies are, e.g., Kuhlman and Fedele (2010), Hammerschmid et al. (2013) and Nemeč et al. (2011). Most of the studies contain a discussion of the main factors affecting the success of the implementation of benchmarking in different countries. Among the important factors that have been identified in the Czech and Slovak conditions belong the culture of bureaucracy (Nemeč et al. 2008) and the degree of decentralization (Nemeč et al. 2008) The authors Kuhlman and Fedele (2010) have extended these considerations and in their comparative study identified the following factors of success: The state system, the degree of decentralization and fiscal autonomy, the size of the administration units, the degree of the area fragmentation, the type of democracy and the culture of bureaucracy. This can collectively be marked as the starting conditions influencing the character and the level of success of the implementation of the individual quality-management tools.

The aim of the article is (1) to describe important projects of collaborative benchmarking of municipalities in the Czech Republic, (2) to evaluate their benefits and problems based on the analysis of published studies and reports with the help of findings obtained using the method of structured interviews and practical experience from managing these projects, (3) to generalize them using SWOT analysis – strengths, weaknesses, opportunities and threats of collaborative benchmarking of municipalities.

## 2. Methods

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For the purposes of this analysis, collaborative benchmarking is defined as a structured comparison in order to evaluate one's efficiency and improvement of the ob-

served processes through mutual learning which involves more subjects on a voluntary basis. Collaborative benchmarking is based on the principles of voluntariness and cooperation, which should bring benefits to all participating parties.

To obtain information about benchmarking projects, the authors used the method of bibliographic search and research of benchmarking initiatives' websites. The research was aimed at evaluation reports of the individual projects, internal materials of projects, project presentations at professional conferences and their websites. Another important information source were monographs, articles published in scientific journals and at conferences as well as dissertations which focused on the analysis and evaluation of the contemporary experience with benchmarking of municipalities in the Czech Republic. The research of web sources concentrated on websites of benchmarking initiatives and their database applications, e.g. database of good practice, database of indicators. To complete information from secondary sources the authors used the method of structured interviews with the main participants of the projects as well as generalization of experience of one of the authors – Dr. Půček – who participated in the creation of the first benchmarking methodology for the public sector in the Czech Republic and who is currently responsible for the benchmarking agenda within the project of inter-municipal cooperation.

Within the realized research of collaborative benchmarking of municipalities in the Czech Republic, 27 collaborative benchmarking projects were identified: Price and Efficiency; Benchmarking in the Field of Extended Scope of Municipalities of the 3<sup>rd</sup> type; Benchlearning within the National Network of Healthy Towns and Regions; Quality of Life in Regions – Strategic Benchmarking; the Network of Town, Municipalities and Regions as a Platform for Education and Work with Examples of the Good Practice in the Field of Sustainable Development; Strategic Management in Municipalities – Quality and Effectiveness; MAgNET – Networking Cooperation of MA21 through the Model of Leading & Learning Cities; Indicators of Sustainable Communal Power Supply; Quality and Effectiveness in Municipalities and Regions; Benchmarking of Indicators of Sustainable Development of Towns; Implementing Indicators of Sustainable Development in Towns in the Czech Republic; Support of Using indicators of Sustainable Development on a Local Level as Tools of Strategic Planning with the Participation of Public – a.k.a. “Town Barometer of Quality of Life and Development”; Implementing Indicators of Local Sustainable Development in Towns of the Czech Republic – Team Initiative for Local Sustainable Development; “CAF Regional Benchlearning Project”; Benchmarking Initiative 2005; Strategic Benchmarking of Absorption Capacity of the Public Sector in Olomouc Region (2006–2007); Benchmarking of Municipalities with Extended Scope in Vysočina Region (2005–2006); Benchmarking of Costs of Efficiency of Transferred Scope (2005); Benchmarking of Local Agenda 21; Benchmarking to Support Development and Efficient Management of Sources of Towns; Municipal Benchmarking – Waste Management and Waste Water Management in Serbia; Transfer of Czech Knowledge to the Local Municipalities of Georgia

on Urban Development/Strategic Planning; Community Waste Management and Citizens' Participation in Local Self-Governance; Transfer of the Czech Knowledge in Support to LGA of Macedonia; Moldova and Kosovo to Strengthen Capacities for Policy Advocacy for Improving/Establishing Fiscal Incentives for Energy Efficiency Measures in Public Schools; Non-repressive Model to Reduce Corruption at Municipal Level; Benchmarking in the Project of Support of Inter-municipal Cooperation; Benchmarking of Municipalities (waste management); Benchmarking of Municipalities in the Field of Bio-waste Management.

For further analysis, a selection of projects according to the following criteria was made:

- 1) It had to be a project of municipalities to which it was possible to get relevant data for evaluation (analyses of published studies, internal background materials of projects, structured interviews with participants) and which met the parameters of collaborative benchmarking.
- 2) Some projects were not directly included into the description as they used some other method of financing of the same activity. For instance, this was the case of Benchmarking Initiative (Educational Center for Public Service – abbreviation ECPS, to be more precise), which realized many follow-up projects, or National Network of Healthy Towns (abbreviation NNHT). These projects were then created to secure financial sustainability of collaborative benchmarking.
- 3) The study focuses on successes and failures of collaborative benchmarking. On one hand long-term projects that have been working in various forms (successes, overcoming obstacles and restrictions) are preferred and on the other hand also smaller projects that show problems or failures. This is a significant criterion – the aim is to get experience from various aspects from the described projects and to generalize.

Based on these criteria, 10 benchmarking projects (sets of projects) were chosen. They are described and analyzed in the following chapter.

### **3. Characteristics of chosen BM initiatives**

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#### **Project price and efficiency**

It was the first project of collaborative benchmarking of municipalities in the Czech Republic. The project was financed by the British Know How Fund and the city of Ostrava. The Educational Center for Public Service of the Czech Republic took part in the organization of the project. The project was realized in 2001–2002. Six large towns in the Czech Republic took part in the project (Ústí nad Labem, Plzeň, Jihlava, Pardubice, Ostrava and Havířov), with the city of Ostrava playing a significant role in this project – without its activity the project would have failed. After

a difficult discussion among towns, a very complicated and challenging topic for benchmarking was chosen – the collection and disposal of municipal waste. Among the main benefits of the projects it is possible to name a successful transfer of experience from abroad into the conditions of towns in the Czech Republic, training of instructors (used in other projects), finishing of the project despite many complications and the verification that the method of benchmarking is usable in the conditions of the Czech Republic.

### **Benchmarking in the field of extended scope of municipalities of the 3<sup>rd</sup> type**

This project was realized in relation to the reform of public service in the Czech Republic, when district authorities were cancelled as of 31 December 2002 and a part of their competences (exercise of public service) was transferred to municipalities with extended scope (so-called municipalities of the 3<sup>rd</sup> type). These municipalities – apart from activities in the individual scope – perform a whole range of activities for the state (exercise of public service – e.g. issue of travel documents, driving licenses, register of vehicles, public service in the field of environment, etc.). This effort – to make these activities that were transferred to municipalities more effective – was the main topic of this project. The project was organized by the Educational Center for Public Service and was financed within the program of the Canadian government – Local Government Support Program Central Europe. Forty-eight towns divided into groups according to their size categories took part in the project. There were altogether 29 regions successfully analyzed – mostly it was the efficiency of delegated powers, but also chosen operational activities. In the course of the project 394 data and 648 quantitative and qualitative indicators were defined which make it possible to measure and compare the performance of the individual authorities. The Benchmarking Initiative took up this project. The fact that out of 205 municipalities of the 3<sup>rd</sup> type, 48 towns voluntarily joined the project (i.e. 23 %) can be considered a great success.

### **Benchlearning within the National Network of Healthy Towns and Regions**

The National Network of Healthy Towns of the Czech Republic (hereafter referred to as NNHT) is an association of active local governments (mainly towns, but it also associates municipalities without the town status, micro-regions and regions) which in terms of their program profess to the principles of sustainable development, involve the public into decision-making processes, support a healthy lifestyle of their inhabitants and strive for transparent and effective management (good governing). Sharing of good practice among the members of NNHT had already existed since the end of the 1990s, nevertheless factual benchmarking projects (within NNHT the expression “benchlearning” is used) were connected with the methodology of NNHT since approx. 2003. At the beginning, benchmarking was used especially

in two fields: (1) for procedures and activities for organizing campaigns of Healthy Towns (process benchmarking) and (2) for creating a strategic document – Plan of Health and Quality of Life (strategic benchmarking). Together with the launch of a new website (DataPlán – see [www.nszm.cz](http://www.nszm.cz)) in 2006, an effective internet tool for benchmarking, for sharing of activities and procedures in the field of strategic planning of municipalities was created. Then also a web portal for the good practice was launched. In 2012, in cooperation with the Ministry of Regional Development, an official web portal for sharing of strategies at all levels was also introduced – the Database of Strategies of the Czech Republic. Financing of benchmarking and sharing of good practice is provided especially by funded projects and from membership fees, too. Among the main benefits of the project it is possible to mention that the question of benchmarking was implemented into methodology by NNHT, including the training of project coordinators.

### **Benchmarking of indicators of sustainable development of towns**

An evaluation of the quality of life in towns belongs to the important fields of collaborative benchmarking. In 2002–2003 a pilot project to implement European Common Indicators (ECI) of local sustainable development was realized, which led to the involvement of two Czech towns – Vsetín and Hradec Králové. The project continued in 2004 under the name TIMUR (Team initiative of sustainable development – [www.timur.cz](http://www.timur.cz)) involving 5 towns. The project coordinator (financed by the Flemish government) was the Institute of Environmental Policy. In 2005 TIMUR transformed from a free initiative of several non-state non-profit organizations into the form of a civil association. The project is still going on, and in 2013 there were 39 municipalities and towns involved in it. It is financed from subprojects and sources of the involved towns. Among the indicators used within benchmarking are: 1) Citizens' satisfaction (with various features of local government); 2) Local contribution to global climate changes (CO<sub>2</sub> emissions); 3) Mobility and local transport of passengers (daily transport distances and means of transport); 4) Availability of local public parks and services; 5) Quality of the local air (number of days with good quality air); 6) Children's journeys to and from school (means of transport); 7) Sustainable management of local government and local entrepreneurship (share of organizations applying environmental and social methods of management); 8) Noise (population exposed to harmful noise in the environment); 9) Sustainable exploitation of soil; 10) Products promoting sustainability; in the Czech Republic also 11) Ecological footprint. Among the main successes of the project it is possible to mention that the project proved a permanent interest of towns in this question; the number of towns and municipalities gradually rose from 5 participating towns into 39 towns and municipalities by 2013.

## **International benchlearning of towns: CAF Regional Benchlearning Project**

At the end of 2004, the 43<sup>rd</sup> meeting of secretaries of state responsible for public service in the EU brought a decision to test the use of the CAF method as a benchlearning tool. Right after that the preparation of the CAF Regional Benchlearning Project started, in which 4 countries participated – Austria, Slovakia, Hungary and the Czech Republic. Subsequently, 4 work groups of similar types of authorities were created. The third group was created by towns – Czech Vsetín, Slovakian Martin and Hungarian Sopron. The towns compared to each other in approach and results in the individual criteria of the CAF model. During the project, good practice in 36 topics following the CAF model, and 7 financial areas were agreed on at the individual dealings. One of the main benefits or successes of the project is that within the project at the level of towns it was verified that the CAF model is a usable framework for collaborative benchmarking of towns.

### **Benchmarking initiative 2005**

Benchmarking Initiative (hereafter referred to as BI) belongs to the most successful and the most effective projects of process collaborative benchmarking of towns in the Czech Republic. It followed the experience gained in the project “Benchmarking in the Field of Extended Scope of Municipalities of the 3<sup>rd</sup> Type” and in the project “Price and Efficiency”. BI was established as a voluntary association of municipalities with extended scope (altogether 205 towns in the Czech Republic). The project began in 2005 with 49 participating towns, and it still continues until now (in 2013 there were 71 participating towns). The towns are divided into groups according to their size. The project solves efficiency in the individual agendas (number of operations per worker) as well as expenditures and quality of the observed agendas. To the agendas relating to performance of public service (e.g. ID cards, register of vehicles, building procedures etc.) there were gradually also added the operational matter of authorities (e.g. costs to clean the authorities, telephone bills, business trips) as well as financial matters (e.g. number of gained grants). The launch of an internet application in 2006, which now contains data from as early as 2004 (i.e. 9 years) meant significant progress. The project was followed by several other projects because of financing of activities. One of the main successes of the project is a provable interest of towns in collaborative benchmarking – the number of involved towns varied between 49 (in 2005) and 89 (in 2006). The current number at the end of 2013 was 71 towns (out of the total number of 205 towns which could join the project).

### **Benchmarking of Local Agenda 21**

The document Agenda 21 was accepted at a UN summit in Rio de Janeiro in 1992. It is a global strategic and action plan of the world society, which sets concrete steps

towards the sustainable development. Local Agenda 21 (hereafter referred to as LA 21) is a process of application of these principles at a local level. In the Czech Republic methodology and assessment criteria are defined for the definition of the procedure and setting of the quality of LA 21. These criteria were set in 2005 by the Working Group for LA 21, which operates with the Government Council for Sustainable Development. The administration is provided by the Ministry of the Environment, and the LA 21 database is managed by its organization CENIA (see [www.ma21.cz](http://www.ma21.cz)). From the point of view of benchmarking, it is a comparison of the given municipality with a set standard, which are the criteria of LA 21. Municipalities (perhaps even regions and districts) are divided into 5 categories according to the level of fulfillment of these criteria – applicants (the lowest category), categories D to A (A is the highest category, and these conditions were met by only one town in the Czech Republic – Chrudim). There are indicators, limits and sources for verification set for each criterion. In 2006, there were 40 municipalities and regions registered in the LA 21 database, in 2013 there were 197. The financing of keeping the database and its evaluation is provided by the Ministry of the Environment and partially also from NNHT projects.

### **Benchmarking to Support Development and Effective Management of Sources of Towns**

The project went on in 2011–2012 with 20 towns participating. The project dealt with 2 topics: 1) Project management and the use of EU funds for development of towns (for towns of more than 20,000 inhabitants) and 2) Integrated approaches to development of towns and their use for strategic management (for towns of more than 50,000 inhabitants). The project was coordinated by MEPCO (subsidiary of the Union of Towns and Municipalities of the Czech Republic and Dutch Union of Towns and Municipalities). The project was financed from the sources of the Ministry of Regional Development and participating towns. An electronic application and structured interviews with participants were used to collect data. The project was followed by subprojects of the participating towns.

### **International benchmarking to share the good practice**

Several organizations in the Czech Republic deal with the issue of transfer of Czech experience in the field of good governing abroad (especially within development help). MEPCO projects (subsidiary of the Union of Towns and Municipalities of the Czech Republic and Dutch Union) were chosen, as they focus on the transfer of experience on the level of municipalities (since 2005) and also on international benchmarking (since 2012). It is a set of individual projects. In 2012, MEPCO realized a project for Serbian towns titled “Municipal Benchmarking – Waste Management and Waste Water Management in Serbia”. The outputs of the project were a web application, overall comparison reports and individual reports for each of the participants that contained a comparison of the situation with other comparable

towns. In 2012 and 2013 a project to transfer the good practice and comparison between Czech and Georgian towns (in the fields of waste management and strategic management) was realized. In 2012 and 2013 a benchmarking project for towns of 3 countries (Macedonia, Moldova and Kosovo) in the field of energy management was realized. In 2013 a project for Bulgarian towns was launched whose aim it is to set indicators of corruption. The main benefits are that the projects showed that the Czech experience is transferable to other countries.

### **Benchmarking in the Project of Support of Inter-municipal Cooperation**

The project was realized by the Union of Towns and Municipalities in the Czech Republic (hereafter referred to as Union), which deals with the support of inter-municipal cooperation on a long-term basis. One of the key activities of the project is also collaborative benchmarking of municipalities with a focus on pre-school and primary education (organized by municipalities), social services and waste management. Indicators are evaluated in relation to the efficiency in these public services (e.g. the number of tons of waste per capita, school capacity per number of inhabitants), as well as financial indicators (expenditures for these services per number of inhabitants or clients). Apart from benchmarking in these fields, there is also an extensive research (benchmarking) of conditions of cooperation among municipalities. The project is solved territorially on the level of territory of municipalities of extended scope – out of 205 of these territories, 176 participated in the project as of writing this text, and there were negotiations of joining going on with another 15. The project is financed from the sources of EU funds and participating towns, and it will be finished in 2015. The project is still going on (as of writing this text); however, with regard to the high interest in joining the project (supposedly 90 % of areas of municipalities with extended scope), it is obvious that there is a lot of interest in collaborative benchmarking in municipalities. Another success is the fact that collaborative benchmarking is a direct part of contractual relations with municipalities, methodology, as well as a subject in training teams from the territory (approx. 600 participants).

## **4. SWOT analysis of collaborative benchmarking in the Czech Republic**

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More than ten years of experience with projects of collaborative benchmarking of municipalities proved that benchmarking is an exploitable tool for increasing effectiveness, economy and efficiency. This experience can be considered very successful. These conclusions are confirmed by scientific research and dissertations, e.g. Nemeč et al. (2008), Neshybová, (2011), Merickova, Šumpíková and Rousek (2009), Vrábková (2012), Plaček (2013), Plaček, Půček and Šimčíková (2014), from a wider point of view in relation to methods of quality also Špaček (2009, 2010).

To assess benchmarking, the above-mentioned studies used analyses of evaluation reports, questionnaire surveys, analysis of examples of the good practice and structured interviews with civil servants and politicians. Conclusions from the analysis of published studies, from the conducted research of internal materials of projects, from the structured interviews with project participants can be summarized in 4 areas: (1) strengths, (2) weaknesses, (3) opportunities and (4) threats of collaborative benchmarking of municipalities in the Czech Republic.

**Tab. 1**  
SWOT analysis of collaborative benchmarking in the Czech Republic

<b>Strengths</b>	<b>Weaknesses</b>
Getting savings	High expenditure and problems with financing
Quality improvement and process efficiency	Data congestion and high error rate when typing in data
Strategic management improvement	Lack of interest of large towns
Transparency in the public sector	Non-existence of hard data about savings and improvements
Database use and ICT	Non-transparent realization
Increase of income	Formal implementation
Improvement of quality of life	
<b>Opportunities</b>	<b>Threats</b>
Public-sector electronization	Problems with drawing financial sources from the EU
Globalization and internationalization of benchmarking	Responsible civil servants and politicians' refusal of transparency and accountability
Financing from EU funds	Unstable political environment
	High area fragmentation of the Czech Republic (no projects for small municipalities)

Source: authors

## 5. Discussion

### Strengths and opportunities of benchmarking

Among the most significant benefits of benchmarking, we can consider the improvement of processes that lead to achieving savings (lower expenditures). This benefit was identified in three projects where the participants confirmed that by implementing the good practice, they achieved cost-savings especially in human resources and energy. In savings of human resources, the participants state that

thanks to the optimization of agendas, they saved costs equal to the employment of 1–3 people.

Benchmarking enables process improvement also from the point of view of qualitative parameters. This benefit was identified in nine projects. Benefits are mentioned as the most frequent, especially in the area of efficiency of the transferred scope (e.g. various forms of administrative procedures) and internal processes. This means that the participants in the Czech Republic focus mainly on how to achieve a better quality at work for the same expenditures. These improvements can be achieved thanks to the sharing of the good practice among the individual participants of benchmarking.

Thanks to the realization of benchmarking it is also possible to achieve improvements in strategic management. From our point of view, it is an improvement of assumptions that a municipality will be able to manage its common activities and development effectively.

Within the research, the authors also identified a positive contribution of benchmarking in the all-society discussion about the transparency of the public sector. Benefits with the help of the good practice from the point of view of increasing transparency were identified in five projects. Benchmarking enables the establishment of standards of efficiency in an environment where these standards are not set. It also makes it possible to implement elements of competition into areas of production of public assets and services, which used to be the domain of municipal companies (Ochrana et al. 2007).

Benchmarking is also linked with a better use of database systems and with systematic work with data in the public sector. Benchmarking in the Czech Republic evolved in the area of use of ICT means. The first projects were based on using manually filled-in Excel charts, the newest projects already use online databases which enable the comfortable and simple input of data, which reduces the error rate. A significant benefit is also the analytical work with data and the provision of better information for management's decision-making.

A considerably positive fact is that “in times of economy crisis, benchmarking helps to reveal financial reserves in the income of a town” (Vrábková 2012).

All the previously given positive benefits should ultimately lead to an improvement in the quality of life – i.e. concrete indicators or procedures related to the quality of life. This benefit was identified in four projects. The improvement of the quality of life of their citizens is a general aim of municipalities in the Czech Republic.

The opportunities for benchmarking can be considered in the following factors: electronization, globalization, pressure on public finance and the possibility of financing by the EU. A very important current trend is the electronization of public administration. The implementation of new ICT enables a reduction of costs for

gathering data for benchmarking. Savings, above all, come from the connection of the current ERP of authorities, data-mining and the comfortable creation of ad-hoc reports. A common part of currently realized projects are databases of good practice.

Another important trend is globalization, which enables the internalization of benchmarking. The current projects realized by the Union of Towns and Municipalities through the subsidiary MEPCO involve foreign partners in the project or are primarily focused on international benchmarking, see the project “International Benchmarking to Transfer the Good Practice or Register of the Good Practice” from Switzerland in databases for Czech municipalities.

One huge stress factor on public finance and the effective use of sources also results from the external environment. Municipalities will have to save more and look for a working solution – pressure on higher effectiveness and the saving of financial sources due to crisis will lead to a deeper interest in the participation in projects. There is an increase of pressure on the cooperation of municipalities and a trend of sharing production and securing public assets and services.

In addition, in the upcoming period it will be possible to finance projects with the help of EU funds. Financing from EU funds helps to overcome the initial phases of benchmarking, which are connected with high expenditures.

### **Weaknesses and threats of benchmarking of municipalities**

Most of the factors that denoted weak points or the threat of benchmarking result of the launch conditions in the various countries and are described in the study (Kuhlman and Jäkel 2013). These starting conditions still influence also the Czech experience with benchmarking. For an explicit explanation of the influence of the individual factors, it is necessary to put them into the context of actual findings of public-choice schools.

State system: Unitary states with centralized administration may more easily intervene with local governments (Kuhlman and Jäkel 2013). In these cases, benchmarking of municipalities is compulsory, and its results are checked by a superior authority. In the Czech Republic, municipalities are autonomous in handling property, and they themselves set the range and character of provided public good and services. Benchmarking of municipalities in the Czech Republic is thus a purely voluntary matter, where central organs may act only as a guarantor of a project or the institution providing financing. Municipalities thus do not have any other authority above them which would check the implementation of benchmarking results; it depends on their will then how they exploit the project results.

The degree of decentralization and fiscal autonomy: “Voters in systems where municipalities have a high level of fiscal autonomy may be more effectively confronted with the price for provided public good and services that they are forced

to pay in the form of local taxes and fees” (Kuhlman and Jäkel 2013). The mixed type of fiscal federalism is typical of the Czech Republic. Local governments can set the amount of local charges and the coefficient of real-estate tax. The revenue of local charges and real-estate tax, however, are only marginal receipts of the budget. So the main income of a municipality stays shared taxes. The inhabitants then are not directly confronted with expenditures of public good and services provided by the local government; moreover, the prerequisites of voting by feet are not met, i.e. they cannot migrate to another jurisdiction with optimal public services and local charges for them. That is why the demand from the inhabitants and the pressure to make provision of local public good and services more effective is not sufficient to force municipalities to use benchmarking effectively. A local government also has means with the help of which it can increase voters’ costs in order to get information if the government manages resources effectively. This situation can be considered a certain type of fiscal illusion.

Analogically, it is possible to describe the problem also from the point of view of municipalities when exploiting grant sources for financing benchmarking projects from the EU funds or other grants (e.g. from projects of foreign development cooperation, but also from national grants) that mean an opportunity on one hand and a significant risk on the other. Grants are an opportunity in the sense that they work as an accelerator and help to finance the activity in its initial phase. Even after ten years of use of collaborative benchmarking, grants have their place and reason – especially in new areas for benchmarking. The risk lies in the fact that Czech municipalities have often yielded to the trend of the last ten years – the “grant hunting”. It is manifested in a great distortion of the environment in the sense that it is not so important for representatives of these municipalities if the activity or project is useful (corresponds to the 3 E principle – economy, effectiveness, efficiency), but if it is financed partially or fully from grants. In this sense the level of success of a municipality is assessed according to how much it gets from the grants in comparison to its own budget. This understanding of the success of a municipality then caused some political representatives of municipalities involved in benchmarking not to be actually interested in the reached result of benchmarking (i.e. the good practice and potential for improvement or savings) but in the fact that it was reached with zero (or very low) costs for the municipality. That is why it is very difficult to prove real savings in municipalities. Secretaries of authorities were often interested in benchmarking (in the Czech Republic, the Secretary of Authority is in the position of a “director” of the authority, he/she supervises all other civil servants of the authority). They very often carried out internal optimization – i.e. saved work-load or sources were spent somewhere else. The real saving of the authority as a whole did not become evident. At the same time political representatives declared savings in the form of the fact that the activity was fully or partially financed from a grant, which gives a somewhat distorted understanding of this expression. Most of the

realized projects had to be supported by a grant in the initial phase. Some municipalities are still not willing to invest their own sources in benchmarking.

**The size of administrative units and the level of area fragmentation:** The Czech Republic is characterized by a high level of area fragmentation with a high number of municipalities up to 1,000 inhabitants. This state is also reflected in the Czech experience with benchmarking, where on one hand projects for small municipalities are not realized as these municipalities do not have enough finances and personal capacities and on the other hand large municipalities are not able to find a suitable partner for benchmarking.

**Type of democracy:** Also on the municipal level there is an intensive competition of political parties. The usual politician's strategy is to maximize the probability of re-election. "Naming and shaming" (Kuhlman and Jäkel 2013) linked with benchmarking (i.e. the situation when quality performance receives appreciation from the public and low efficiency is – on the contrary – connected with shame) is a very risky factor for them. Information about efficiency and effectiveness of management may be used also by their political opponents, and that is the reason why local governments refuse to publish benchmarking results in the case of low efficiency and effectiveness. The significance of political factors is also stressed by the fact that in the Czech Republic the presumptions for "voting by feet" do not work, i.e. inhabitants may freely migrate among the individual jurisdictions and choose – based on this presumption – the optimal jurisdiction for them from the point of view of the amount of public good which the jurisdiction provides and costs paid for them in the form of local taxes and charges (Tiebout 1956). In case municipalities do not compete for sources in the form of payment of local taxes and charges of the migrating inhabitants between jurisdictions, the cause of this problem must be the politicians' effort to maximize their utility function.

**Culture of bureaucracy:** An administrative culture which focuses especially on legality and enforcement of laws (*rechtstaat*) is typical for the Czech Republic as well as for most European countries. This understanding of bureaucracy is also connected with a distinctive boundary between public and private sectors (Kuhlman and Jäkel 2013). Originally, benchmarking was a tool of the private sector that was implemented into the public sector within reforms according to New Public Management. These reforms have been carried out in the Czech Republic in an incremental way, thus in the public service there is a prevailing perception of a bureaucrat as an executor of law and the emphasis on effectiveness is not the main interest. The Czech Republic still deals with a lack of accountability and responsibility of bureaucracy. This fact manifested in the realization of measures based on benchmarking results. Participants of benchmarking initiatives stated that due to optimization of agendas they saved costs for 1–3 job positions. The average costs for an employee amounted to 450,000 CZK. This sum contained the salary, social security and other current expenditure. This fact was proven also by Iveta Vráb-

ková's research realized with 68 members of BI. The respondents most frequently named savings in the field of optimization of working positions, operational and technical provision of the authority (cleaning, telephone bills, vehicle operation), contributions to running established allowance organizations as well as in the field of municipal management (waste, housing fund). Savings were then often realized in the provision of external services. These benefits were mostly identified based on an ex-post questionnaire survey or structured interview. There is a risk with the given savings of job positions that these are not real savings but only formal changes due to assignment to other tasks, retirement or maternity leave. The explanation of this state is provided by a part of the theory of the public-choice school focusing on the economic analysis of bureaucrats' behavior, especially in the work of Downs, Tullock (1996) and Niskanen (1968). The first approach is the creation of slack. Bureaucrats try to create a reserve which they do not necessarily need for their activity so that they could be more comfortable when making a decision (Mueller, 2003). That is the reason why responsible civil servants refuse to publish savings reached thanks to benchmarking. It would bring attention to the fact that there is a large reserve in the performance of the authority. Another approach is the effort to minimize risks. Bureaucrats try to keep the widest range of activities of the authority possible mainly because of employment benefits and from the belief in the usefulness of the existence of the authorities. This way it is possible to explain the situation when towns declare savings in working positions but in fact these are only changes in positions. Niskanen's model of the maximizing bureaucrat explains the behavior of senior civil servants who are not interested in the realization of savings coming from benchmarking, as the budget of the authority would decrease. Another explanation which is symptomatic especially for the operation of municipal companies is rent-seeking (for details see Tullock 1987, Krueger 1974). Municipal companies try to keep their monopoly position and make an effort to use sources for the creation of restrictions of entry for their potential competitors. Rent-seeking is, then, spending of sources on the creation of such restrictions, and these sources are not used effectively, as they do not enter the utility functions of inhabitants in the given area. The unwillingness of municipalities to put municipal companies to a market test when securing public good is described in detail in (Ochrana et al. 2007), including the calculation of costs in comparison with the realization of competition.

## 6. Conclusion

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The article describes the experience with collaborative benchmarking of municipalities in the Czech Republic. Although the positives outweigh the negatives, the benchmarking potential in this sphere is not fully exploited; the main reasons are the starting conditions, i.e. the state system, the level of decentralization and fiscal autonomy, the size of administrative units and the level of area fragmentation, the

type of democracy and bureaucracy culture. In the conditions of the Czech Republic it is necessary to extend the fiscal-factors analysis by the term fiscal illusion which is manifested not only in citizens but also in responsible politicians and bureaucrats, especially when using grants as the financial source of benchmarking. Unlike the conclusions by Kuhlman and Jäkel (2013), who within bureaucracy-culture analysis consider determining differences between understanding meaning of bureaucracy as fighting for public interest against understanding bureaucracy as law enforcement, in the conditions of the Czech Republic within bureaucracy-culture analysis we still have to take a lack of accountability, the effort to make slack and rent-seeking into consideration.

Despite the above-mentioned barriers, collaborative benchmarking of municipalities in the Czech Republic has a great potential, especially in connection with the economic crisis which accelerated the requirement to find savings in the public sector, but also in connection with the increasing demand of the public for transparency and effectiveness in the public sector.

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# Coordination of and through E-Government: The Case of the Czech Republic

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## **Abstract**

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Although e-government as a research topic is rather embedded in public-administration literature, and coordination of and through e-government is visible in European countries, coordination of and through e-government has not been paid much attention. Consequently this paper deals with this topic. Its text outlines emerging coordination practices that can be observed in European countries, and it also indicates issues using the Czech e-government development and some key national initiatives as examples. The presented text concludes that although elements of strategic planning may become embedded and institutional and regulatory mechanisms stabilized in the country, other issues such as a weak accountability culture may exist and hinder coordination practices.

**Keywords:** e-government, coordination, accountability, Central and Eastern European public administration

## **Introduction**

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E-government is a fashionable research topic and has been a visible element of administrative reforms since the late 1990s. As Kudo (2008) points out, e-government represents a specific public policy; it is an overall policy, covering different economic sectors, and it deals with the policy-making process and the organization and management of government in general. As such, it inevitably raises discussions about its potential to improve government coordination through a more joined-up delivery of public services. E-government development also requires coordination

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in order to bring improvements and enable the delivery of services through integrated one-stop shops, whether virtual or physical (Kunstelj and Vintar 2009).

Policy coordination across government is perceived as a key factor determining effective governance at the national level (Saner et al. 2008; de Vries and Nemeč 2013). However, e-government coordination and coordination through e-government have not been paid much attention in research; we may find only a few studies focused on the governance of e-government (Löfgren 2007). This paper contributes to answering the following questions: What are the roles and trends of coordination of and through e-government, and what challenges may governments face when coordinating e-government and through e-government?

In order to answer these questions, the text outlines e-government complexity and current approaches to coordination of and through e-government in Europe. It also discusses whether e-government may enhance the coordination of public-service delivery, employing selected examples from Czech e-government.

The paper draws attention to problems in policy, both in the institutional framework and in practical approaches to management. It is also concerned with the question of how new structures that have been established for e-government coordination hinder or support accountability.

The methodology on which the paper builds is based particularly on a literature review. International and Czech public-administration academic literature as well as official government documents were studied together with comments of affected stakeholders (including comments from interviews with representatives of main associations of self-governments and their top executives).

## **E-government terminology**

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The literature has used various labels to describe and discuss how information and communication technologies (ICTs) can and actually do achieve improvements in governance. Definitions of e-government still abound in the literature, and the available “e-gov” terminology indicates the complexity of the area. We do not see terms such as “digital government” or “online government” today as often as in the past, and terms such as e-government or e-governance are rather globalized. However, definitions may still vary in their specifics across approaches, and the field lacks a coherent identity (Hu et al. 2010).

In general, the terminology refers to the application of ICTs inside and surrounding public administration. ICTs are seen as enablers (sometimes even causes) of desired or desirable changes (Homburg and Snellen 2007) such as administrative simplification, speeding up of processes, enhancement of inclusion in public decision-making, etc. Successful e-government must involve more than just using ICTs and putting administrative services on the internet; it implies re-engineering,

reorganizing and restructuring public organizations and shifting the focus towards a citizen- and customer-centred service provision (Makolm 2006; Chen 2010). Similarities are incorporated in various e-government maturity models (Siau and Long 2005) designed for benchmarking on the principle that users will be more satisfied with services provided in a fully electronic way, with the maximum integration of various back offices.

Sometimes a specific channel for service delivery is reflected in the current terminology. For example, m-government, using mobile phones, is being emphasized for the phone's broad penetration in society as a communication channel (Snellen and Thaens 2008). Specific instruments facilitating social networking are also discussed (labelled as e-government 2.0; see Accenture 2009). This implies that e-government coordination also concerns coordinating various communication channels. The available terminology emphasizes specific branches of new services (e-health, e-justice) and specific areas of processes that ICTs facilitates (e-invoicing, e-procurement and e-participation) (Špaček 2012a). Specialized terminology may help make e-government education and research more focused. It may omit the complexity of e-government, with linkages between individual channels and branches.

In this paper, the term “e-government” will be used in very general terms in order to cover initiatives that try to use ICTs to improve governance and will include information and transaction services for citizens and businesses as well as those from the field of e-administration that attempt to improve internal processes.

## **E-government as an object as well as an instrument of coordination**

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E-government ideas have been extensively translated into practice around the world in the last decade. In EU member states, we may now distinguish the following general trends of e-government (Špaček 2012a):

- establishing new and revising existing national portals that sometimes innovate their service-delivery mechanisms (e.g. by mobile IDs or enhanced personalization) or focus on a specific field of communication between government and businesses and/or citizens (including e-procurement, e-invoicing, e-health, e-justice, and e-environment);
- piloting e-participation/e-democracy projects (including e-voting, e-participation tools on national portals dedicated to legislation, experiments with e-consultations for the identification of administrative burdens and community-building projects);
- promoting more internationally-recognized instruments for electronic identification;

- searching for instruments enhancing effectiveness and efficiency (e.g. more complex managerial information systems, new institutional arrangements for e-government coordination and evaluation).

These trends follow the recommendations and requirements of current EU information-society policies and the e-government action plan (European Commission 2010a and 2010b) that followed the former initiatives (eEurope, i2010), and they try to optimize conditions for cross-border e-government services. The trends must take place within the historical paths of individual countries and their achieved levels of e-government. They must also confront the fact that citizens still largely prefer physical contact with public administration (Tinholt and Linden, 2012).

Although e-government policies have always been ambitious and many projects have been implemented, gaps between the revolutionary potential of ICTs (e-government hype) and the evolutionary reality (Heeks 2006) are still found. As the Organisation for Economic Co-operation and Development (OECD) has stated repeatedly, e-government is more about government than about “e” (OECD 2003 and 2009). This can be seen in the growing demand for better e-government management, including coordination and evaluation.

As a reaction, more centralization of e-government is currently visible in Europe, where central governments are clearly attempting to strengthen their coordination responsibilities. In doing so, governments work with combinations of the instruments enumerated by Estevez et al. (2007): providing guidance and control for implementing e-government projects across the government, providing frameworks for collaboration across agencies that ensure the interoperability and non-duplication of efforts and resources, developing shared e-government infrastructures, keeping e-government activities aligned with the broader government strategy and vision, and developing and implementing government policies related to the use of ICTs. Governments struggle with various levels of coordination (as presented by Metcalfe in Bouckaert et al. 2010), but central government policies explicitly emphasize the strategic role of cooperation among key e-government actors now much more than before.

The ePractice eGovernment factsheets indicate that new trends of coordination through e-government may include the following:

1. *new central government services for public authorities* have been launched, mainly since 2008. In Finland, for instance, a new portal of e-services (suomi.fi/workspace) was launched to provide access to selected e-services and e-forms (Epractice.eu 2012a). Web eFormulieren was launched in the Netherlands in order to offer free access to e-forms and provide a platform for their design and management (Epractice.eu 2011a). In Estonia, the centrally offered solution VOLIS attempts to support more participatory decision-making in local governments

(Epractice.eu 2011b). The Hungarian government launched a call for a tender for the establishment of seven municipal Application Service Provider centres to increase the adoption and quality of e-government service (Epractice.eu 2014a). The project “eGovernment reference towns” was launched by the Austrian Federal Chancellor’s office, the Association of Austrian towns (Städtebund) and the Austrian Digital Platform in order to gather experience, share good practices and promote the national e-government portal (Epractice.eu 2011c). New portals for sharing experiences may be built from the bottom – e.g., Swedish local authorities use the “Platform for Co-operative Use” ([www.sambruk.se](http://www.sambruk.se)) to exchange best practices and speed the development of e-government in municipalities (Epractice.eu 2012b). The Dutch project GovUnited was launched to improve and standardize both the public services and the internal administration of local governments (Epractice.eu 2011a). In the case of centrally offered solutions, governments are using cloud computing, which may blur the lines of responsibility and make it harder to determine who is accountable for which results (as discussed with regards to public-private partnerships by Willems and Van Dooren 2011).

2. new duties, brought by legislation on access to public information, privacy protection and accessibility of electronic services as well as by e-government acts (such as Austrian Act no. 10/2004), which attempt to standardize electronic communication and its infrastructure, stipulate interoperability requirements (including those from European Interoperability frameworks) and link e-services to national portals; projects promoting/requiring the use of open-source solutions are also visible (see e.g. the Dutch Open Connection action plan for 2008–2012; see Epractice.eu 2011a);
3. the reorganization of existing or the establishment of new structures for national coordination of e-government and the (re)definition of their responsibilities. For example, in Italy, the new DigitPA body was established within the structures of the Ministry for Public Administration and Innovation in December 2009 in order to support the implementation of e-government strategies with technical support, consultation and evaluation (Epractice.eu 2011d). In July 2008, the new agency MITA was established in Malta to coordinate e-government strategy and development and ensure access of public authorities to the internet (Epractice.eu 2011e). In April 2010, a new IT planning council (IT-Planungsrat) was established as the body responsible for coordinating and steering inter-departmental e-government projects, replacing two former bodies. In order to support access to electronic public services, the Spanish strategy anticipated the establishment of a new ombudsman (Defensor del Usuario de la Administración Electrónica) (Epractice.eu 2012d). New duties may be prescribed to carry out ex ante and ex post evaluation of e-government projects, as anticipated, for instance, by the Danish 2007–2010 strategy where a new “Digital Taskforce” body was established as an inter-departmental committee for e-government. This body was ac-

tive in providing public authorities with a methodology for elaborating business plans for e-government projects. In Denmark, a new fund, the PWT Foundation, was established in order to co-fund innovative projects (see Epractice.eu 2012c).

## **Coordination and e-government – observations from the Czech Republic**

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### **Administrative fragmentation as a long-term challenge**

Czech e-government has been influenced by and reacting to changes brought by post-communist institutional reforms from the 1990s and early 2000s that were implemented in the name of democratization, decentralization and deconcentration. As a result there are currently two sub-national levels of government in the country: regional and municipal. Fourteen regions (established in 2000) and more than 6200 municipalities (of which the majority have less than 500 inhabitants) represent a fragmented system of territorial self-governments. Their bodies (“offices”) may be required by law to exercise state-administration tasks (e.g. issuing identity cards, passports and various certificates and permissions). This so called “joined model” of territorial public administration has resulted in different categories of municipalities according to the amount of state administration they exercise, raising questions about the optimal funding of self-governments as well as about their political accountability for activities principally related to the central government. It has led to discussions about the capacities of self-governments to provide professional state-administration services in a uniform way as well as to questions about a minimum standard of e-government and a basic set of e-services that would be delivered by all (even small) municipalities.

Institutional reforms have also affected the capacity of the central government to coordinate and to use intermediary administrative levels (regions/districts) for coordination. In 2002, 77 district offices were abolished, although their state-administration functions (including overseeing municipalities and providing them with methodical help) had been established after a decade of existence. Subsequently, 205 municipalities were given the status of “municipalities with extended (state administration) responsibilities” (“ORPs”), but were not given the function of overseeing and methodically assisting smaller municipalities. This was transferred to 14 regions, a move which is still perceived negatively by some municipal representatives (Špaček and Špalek 2007).

The creation of 14 regions also raised questions about optimal territorial divisions and the ICT support of a highly fragmented state administration. State administration is exercised by self-governments and by the “deconcentrates” – specialized separate authorities – resulting from vertical deconcentration and existing within individual hierarchies of central authorities on various territorial levels. Their ad-

ministrative territory followed (and in some cases still follows) the administrative territories specified under Communism in the 1960s (i.e. 77 districts and 8 “large” regions). The available numbers refer to almost 600 existing deconcentrates (including financial authorities, labour authorities, branches of various inspections and cadastral authorities). The first reform strategies (including the very first, from 1999: The Concept of Public Administration Reform) anticipated that the number of the deconcentrates would be substantially decreased by the creation of regions and the subsequent transfers of state administration tasks. The practical reform has actually not changed much, and various models are used which make the administrative system chaotic (some deconcentrates work on a territory of 14 regions, follow the regional divisions of self-governments and have branches in about 80 districts; the territories of others may also follow the 14 regions, but on a sub-level they follow the territories of ORPs, etc.).

The coordination problems were highlighted by general governmental documents on public-administration reform. The 1999 Concept of Public Administration Reform pointed out that “one of the major weaknesses of central government is a low level of horizontal coordination of individual subjects ... Totally dominating is the so-called functional management, which results in the illness of departmentalism.” The departmentalization problem and the low level of horizontal coordination among central authorities have come under continual criticism (e.g. Úřad vlády 2005; Ministerstvo vnitra 2012a). In autumn 2006, the general coordination of public administration was largely centralized under the responsibilities of the Ministry of the Interior, which became a super-ministry responsible for police, fire prevention, registry offices, civil and travel documents, archiving and coordinating e-government development (after the formal abolishment of the Ministry of Informatics in 2007).

Speaking of coordination of e-government and through e-government, central governments have been active mainly in the following areas:

1. e-government development framework (strategies and legislation, methodical guides);
2. national institutional and technical support for e-government coordination;
3. central solutions for more integrated and cleaner data sources and delivery of (e-) services.

The following text outlines and discusses their main characteristics.

### **E-government strategies – high-flying, but not evidence-based**

E-government was not an explicit part of the initial phase of reforms, during which particularly democratization, establishment of basic administrative structure and economic transformation were emphasized. As in other CEE countries (as outlined

by Verheijen 1998), e-government became more explicit in national reform policies in the late 1990s and later in reaction to eEurope and the subsequent EU policies.

The first national e-government strategies were approved by the government in 1999. This year is perceived as a critical juncture in Czech e-government development (Smejkal 2003; Špaček 2012a), particularly thanks to the approval of the first State Information Policy (“SIP”) and the subsequent Concept of Development of Public Administration Information Systems in 1999. Since that time, the aims of national e-government strategies<sup>2</sup> have been more or less repeated, and central governments have been trying to address the problems that arose when various (Smejkal 2003 speaks about “thousands”) mutually inoperable public-administration information systems were established during the 1990s at the central and territorial levels for use in state administration and self-governments. This heterogeneity raised questions about duplications, about the accuracy and validity of data stored in information systems and about the possibilities of overcoming the problems as many suppliers participated in creating solutions at various times. The fragmentation of e-government often required citizens to travel among various authorities in order to settle administrative matters and provide one authority with information that was already stored in the information systems of other authorities.

The first national e-government strategies were later modified to reflect requirements of EU policies (often in a copy-paste way), but their “national core” has remained more or less the same, emphasizing the following (Špaček 2013):

- the role of access to public information (with a certain shift of rhetoric to e-health and environmental information and with new requirements for accessibility of web pages of public authorities to people with disabilities since 2007);
- the development of more sophisticated e-services that would be accessible via the national portal as well as by a network of contact points (recent strategies added data boxes as a new channel of electronic communication with and inside public administration; the anticipated network of contact points was titled the Czech POINT project and emphasized the area of e-justice);
- basic registers as unified data sources for public administration;
- e-government education of civil servants.

National e-government strategies have not been updated and specified on a continuous and systematic basis. Only the first (and still the most recent) formalized SIS strategy – the Smart Administration Strategy (2007) – was specified and supplemented by action plans, although, as with EU strategies, most of the strate-

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2 The following main strategic documents were approved by the Czech central government for e-government development, in chronological order: The Action Plans of SIP were approved in 2000 and 2002, e-Czechia 2006 in 2004, the Smart Administration strategy for the 2007–2015 period in 2007, and the Development of Services for an Information Society and the E-government Implementation in a Territory strategies in 2008.

gies were broad, dealing with the development of an information society and its enablers with e-government. Often the general e-government strategies did not integrate projects of strong central authorities such as the Ministry of Finance (projects like e-taxes and e-treasury) or the Ministry of Social Affairs (projects like social cards and e-forms).

Czech e-government strategic documents are usually not evidence-based. Their texts do not integrate any evaluation, although some evaluations have been produced by the Czech Statistical Office (CSO), mainly since 2004 (see Špaček 2013). They do not consider the findings of European or other available international benchmarking or other evaluations that would enable at least some strategic analysis of the status quo. The most recent ones, e.g. the Smart Administration Strategy, even relied on very general statements such as “inefficient ICT use”, “non-existence of unified communication structure”, “no interconnection of individual registries”, “insufficient technical equipment”, “low PC literacy of civil servants” and “non-existence of electronic communication in state administration”. They were elaborated in parallel to the Integrated Operational Programme and the Integrated Programme on Human Resources and Employment (both were approved by the European Commission in 2007), which work with only very general and particularly output-oriented indicators (such as the number of established basic registers, the increase of new fully electronic administrative agendas and the number of established contact points. Most probably due to political instability, none of the national governments (as appointed in 2009, 2010, 2013 and 2014) approved any e-government-strategy update after 2009.

### **E-government legislation and methodical guides**

Similarly to strategic documents, e-government legislation emerged in the late 1990s establishing standards for e-government development. A complete enumeration of the legislation would go beyond the limits of this text. Among the most important ones the following are usually listed:

- Act No. 106/1999 on Free Access to Information, which is supplemented by special regulations on the structure of electronically published information and accessibility. Act No. 365/2000 on Public Administration Information Systems (PAIS) is considered the most significant of 2000, particularly for its promotion of the interoperability of existing solutions. This act defines the general duties of the “long-term management” of PAIS and requires public authorities to have an information strategy elaborated and approved (after 2008) in order to address the long-term objectives of quality and security management and the principles of purchasing, developing and running their information system (as specified in Special Regulation No. 529/2006). The information strategy is supposed to serve to elaborate the documentation of the information system. Both these documents must be certified, and the latter is used by the central meta-information

system [www.sluzby-isvs.cz](http://www.sluzby-isvs.cz). Although the Ministry of Informatics was active in the development of methodical guides, available research shows that information strategies are not used for management and are approached quite formally (following the principle “we have them, because we are required to by the legislation” – Špaček 2012b).

- Act on Electronic Transactions and Authorized Conversion of Documents No. 300/2008 (the “e-Government Act”) specifies data boxes and related duties for using them (for communication inside public administration, their use is compulsory, and data boxes should replace other communication channels). Act on Basic Registers No. 111/2009 only quite recently came fully into force, ending, to some extent, the long discussions on the legal status of basic registers and their structure and administration.

### **Development of the national institutional structure for e-government coordination**

E-government coordination has always had to cope with the introduced characteristics of the administrative system, both its fragmentation and the general division of public administration into two subsystems: state administration (with a centralized, hierarchical structure and top-down implementation as leading principles) and territorial self-government (more autonomous, but also exercising state-administration tasks). National e-government projects have always anticipated a subsequent adaptation of information systems by self-governments; sometimes they have even been inspired by innovations achieved in self-governments. Following the critical junctures in e-government strategic planning and legislation, two phases may be differentiated. The first phase is represented by the period from 1989 to 1999/2000, the second by the subsequent years. The first can be characterized as unstable central coordination. The second brought more stability of institutional structures for coordination.

In 1991, the Governmental Commission for SIS was established to remedy the fragmentation and to coordinate the development of a unified SIS. The Commission was supposed to build upon the cooperation with a number of central authorities, which would provide it with drawn-up projects of basic registers – an essential and unique source of data for public administration (register of citizens, register of property, register of business entities, and a register of territorial identification was anticipated to be established in that time). The SIS Information Agency was supposed to be established, as well as a portal of municipalities, as a result of cooperation with the Union of Towns and Municipalities. In 1993, the competence of the Commission was transferred to the Ministry of Economic Affairs and then to the Office of the Government, the Department of SIS Management. November 1996 witnessed the establishment of an SIS Office (“ÚSIS”), which took over the Department’s agenda. The provisioning act on ÚSIS, however, failed to specify its respon-

sibilities. Therefore, its position throughout its existence was perceived as weak and inferior in the game with strong central authorities, which “was favoured by most ministries wishing to spend money freely for whatever IT equipment they wanted” (Smejkal 2003). The Governmental Committee for Information Policy was formed in 1998 with the aim of coordinating information policy and closely cooperating with ÚSIS. However, this did not change the situation, either.

The act on PAIS from 2000 established the Office for Public Information Systems (“ÚVIS”), which replaced and specified its responsibilities (including issuing standards and the possibility of imposing sanctions). However, in relation to the strong departmental ministries, this office was again perceived as subordinate in communication (Smejkal 2003), and the ÚVIS could not overcome departmentalism and the tendency of some central authorities (and their units) to act independently. There is no information on it ever imposing any sanctions.

In 2003, ÚVIS was dissolved and its responsibilities delegated to the newly established Ministry of Informatics, which exercised its coordination tasks mainly through regulatory instruments (standards) and methodological guides. It also contributed to the start-up of a national public-administration portal ([portal.gov.cz](http://portal.gov.cz)), launched officially in November 2004 and aimed at businesses and citizens rather than public authorities. The Ministry prepared an amendment to the law which introduced requirements on accessibility and the duties of long-term e-government management. However, little was changed in terms of regulation and the subsequent practices with the basic registers. The persistent problems with evaluating e-government are clear, as the reports produced by the Ministry tackled especially the preconditions of e-government development (adoption of new legislation or policies, wider use of the internet), rather than the outcomes of implemented projects (Špaček 2012a).

The institutional structure for e-government coordination became more stable after the Ministry of Informatics was abolished in July 2007 and the Ministry of the Interior was given the general responsibility of managing and coordinating e-government (although it had originally been anticipated that e-government management would be entrusted to the Office of the Government for its supra-departmental potential). Considering the multiple areas of its responsibilities (including police and fire prevention, registry offices, civil and travel documents, archiving and e-government), the Ministry of the Interior has become a large multi-objective bureaucracy, a kind of super-ministry

### **Current mechanisms of central e-government coordination – an example of sleeping accountability?**

After the e-government management was centralized under responsibilities of the Ministry of the Interior, a coordination structure was established by e-government policy and legislation, as simplified in Figure 1. It can be summarized as follows:

- The Ministry of the Interior is a key player which cooperates with the other external stakeholders depicted. It provides coverage for the public-administration portal as well as meta-information systems ([www.sluzby-isvs.cz](http://www.sluzby-isvs.cz)) and standardizes the disclosure of public information and provides methodical help. The Smart Administration strategy anticipated the appointment of the Group for Smart Administration Coordination, which coordinates the elaboration and evaluation of projects. This role is assumed by one of the departments of the Ministry of the Interior, the Structural Funds Department. Coordinated by the Ministry, the Smart Administration inter-departmental workgroup was also established, which is responsible for revising and updating strategic documents and evaluating their implementation.
- The Gremium for Regulatory reform and Efficient Public Administration was established as an inter-ministerial coordinating body of the Smart Administration strategy. Chaired by the Minister of the Interior and consisting of representatives of central authorities, associations of self-governments and the Economic Chamber, it comments on legislation proposals, approves project proposals and comments on proposals of mid- and long-term strategies, analyses and programmes.
- The Government Council for an Information Society was established in spring 2007 as an advisory body for the “higher interconnection and coordination of ministerial projects”. It is chaired by the Prime Minister and consists of ministers and representatives of state administration and self-governments.
- With regard to the major significance of basic registers, officially launched into practice in July 2012, a specific coordinating role is assumed by the National Registers Authority (SZR). This body manages the basic register information system (ISRZ). Since the individual registers have their own administrators<sup>3</sup>, they also add to the burden on the coordination processes. The Office for Personal Data Protection (ÚOOÚ) is required to make sure that the identification of people working with the basic registers will be safe and transparent.
- In order to implement the E-government Implementation in a Territory strategy, “eGON centres” were established in 14 regions and 205 ORPs to link e-government development with their needs and take into account a nationally standardized set of basic e-services and as-yet-undefined standards of e-government strategic planning. eGON centres are responsible for “technological centres” allowing the establishment, operation and maintenance of a standardized infrastructure necessary for small municipalities processing the key data of basic registers and other applications (such as file-service systems).

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3 The Ministry of the Interior manages the Register of Inhabitants and the Register of Rights and Responsibilities; the Czech Statistical Office takes care of the Register of Persons; and the Czech Office for Surveying, Mapping and Cadastre is responsible for the Register of Territorial identification, Addresses and Real Estates.

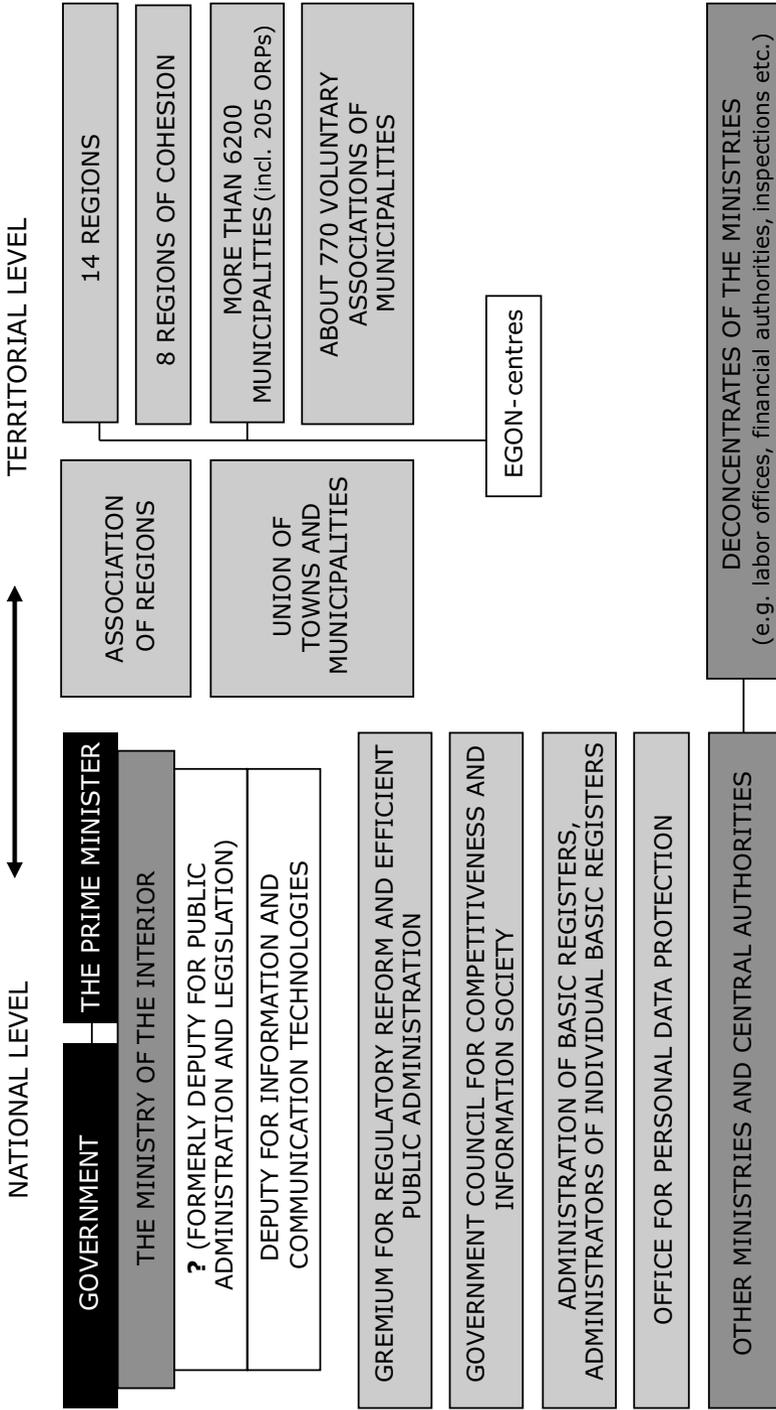
The e-government coordination was fragmented in the organizational structure of the Ministry of the Interior, and in terms of political and executive leadership it has been very unstable, even during a term of office of the same minister. Since autumn 2009, various reorganizations at the Ministry were made, followed by personnel changes in top political and executive positions. For instance, following a change in the ministerial post, the formerly established Office of the Deputy for Public Administration, Informatics, Legislation and Archiving was split into the responsibilities and personnel of the Deputy for Public Administration, Legislation and Archiving and the Deputy for Informatics. This division was motivated by the tendency of the former sub-system to concentrate mostly on e-government rather than on other issues in public administration (Chum 2009). After the change, the office headed by the first deputy was responsible for creating project assignments, and the office of the second deputy was required to offer means for their implementation.

Czech media monitored the personnel changes, pointing out that between summer 2010, when a new right-wing government was appointed, and spring 2011, the Deputy for Informatics changed seven times (eGov.cz 2011). Within the 2012–2013 term of office, the deputy responsible for public administration and e-government changed three times, and there were also changes in the ministerial post in 2011, 2013 and 2014, partly caused by political crises. Furthermore, the legal status of Czech civil servants was specified only partly and only for civil servants of self-governments.

The frequent changes in political leadership have been criticized by the European Commission and have prompted discussions and restrictive precautions in IOP funding (Česká pozice 2012). Such changes lead to situations in which people that are to be held accountable for previous mismanagement often are no longer in office, as pointed out by Veselý (2013). Veselý explains “sleeping accountability” as a CEE phenomenon characterized by the discrepancy between the formal existence of many accountability mechanisms and their actual performance (see also Nemeč et al. 2008). Sleeping accountability is demonstrated by the Czech e-government. Although its development has been relatively long, almost no evaluation has been published by responsible bodies since it started, and one can only deduce the features of e-government management from the practices as criticized by the EU, Czech media and supervisory institutions (such as the Office for the Protection of Competition or the Supreme Audit Office), which also point out that more than 60 % of the ICT public tenders organized by central authorities are awarded without competition (Špaček 2012a).

Since 2007, the Ministry of the Interior has not published any summary information on the evaluation of e-government, and its evaluation is neither regular nor ad hoc. As summarized by Špaček (2013), the information published does not yet include a comprehensive evaluation of the most heavily promoted national proj-

**Figure 1**  
Czech Institutional System of e-Government Management (as of February 2014)



Source: Author.

ects (Czech POINT, data boxes and basic registers). Although some projects were launched years ago, available evaluations refer only to total numbers (of extracts generated through Czech POINTs, messages sent through data boxes and activities conducted in basic registers, etc.). The Group for Smart Administration Coordination has only published a list of projects proposed for EU funding, without commenting on their prioritization or cost-benefit characteristics. Annual reports on the Smart Administration status quo (Ministerstvo vnitra 2011 and 2012b) are very superficial and limited to information such as statements that most of the planned activities have been carried out or that calls for projects have been announced. The reports also provide data such as the total money spent and information on the fulfilment of output-oriented indicators defined by the Integrated Operational Programme. The current national e-government evaluation still focuses mainly on the quantifiable aspects of e-services and outputs (such as the number of existing services, the number of visits, the total money spent on education via individual eGON centres, etc.), rather than on the outcomes, including user satisfaction.

Issues of national e-government coordination are demonstrated in the critical opinions of the representatives of self-government. For instance, in September 2012, three months after the basic registers had been launched, a Chrudim municipality mayor stated: “We should consider the fact that throughout the whole period of transition to basic registers, the office and the accountable workers struggled with multitudes of contradictory, fragmented, and incomplete information that could hardly provide a complex image on what and how the office should get ready for running the registers. The hardest work to gain specific information and the assurance of procedures and complete readiness cannot currently be secured, despite the declarations of the state on the functioning of registers.” (Pacínová 2012, 8). In April 2012, representatives of the CSO, the authority responsible for one of the basic registers, the Register of Inhabitants, complained that although the necessary data had been requested months before, public authorities had not yet sent it, which could delay the launch of the register.

The evaluation transparency and the possibilities for coordinating through e-government are further hindered by the existence of various electronic sources of official information. Information is published relatively independently and incoherently on the websites of individual authorities (ministries, SZR) and of individual projects as well as on the [www.smartadministration.cz](http://www.smartadministration.cz) website.

### **Central solutions for more integrated and cleaner data sources and the delivery of (e-) services – examples of improvements, unclear visions and flaws**

The central government has been developing central solutions for a more interconnected delivery of some public services that had previously been provided in a fragmented way, with their provision often bound to the permanent residence

of a citizen and requiring citizens to travel to various public authorities. The available national evaluation (as summarized by Špaček 2013) and the last European benchmarking report indicate that some improvements have been achieved and coordination has been enhanced through e-government in the country. Researching the Czech key national e-government projects, we may find examples of some that brought improvements and some that caused worsening (downgrades of former solutions) and call for enhanced coordination.

*Czech POINT project – improved coordination through more joined-up services*

The Czech POINT project is an example of an innovative approach. Following the principles of voluntariness and economic motivation by the central government (through subsidies co-funded by the EU), the project has brought more cooperative and interconnected service delivery and enhanced the ability of central government to coordinate the delivery of public services through the establishment of a network of contact points built on a one-stop-shop principle.

Since its official start in 2008, the project has been incrementally offering, through a growing and increasingly integrated network of one-stop shops (called Czech POINTs), an alternative channel of delivering government services. Citizens and businesses no longer have to visit several public authorities to obtain certain services and can now visit one of more than 7,000 Czech POINTs (situated mostly in municipal offices and branches of Czech Post, in lesser cases at regional offices, branches of chambers of commerce and notaries, and, since quite recently, branches of one bank). The project has improved processes in the existing institutional system, making service delivery faster through the enhanced integration and horizontal and vertical coordination by the central authority. The following categories of services are now being provided by the Czech POINT system:

- issuing of authenticated extracts – e.g. extracts from the Cadastre of Real Estate, the Companies Register, Crime Register – as operated before rather individually by the Central Cadastre Office, Trades Licensing Office and Ministry of Justice of the Czech Republic (deconcentrated to 205 municipal offices). Citizens may obtain extracts from some basic registers, if they are required to do so, particularly by banks or other institutions outside public administration;
- intermediation of some submissions (e.g., submissions according to the Trades Licensing Act and for revisions of data in basic registers);
- conversion of paper documents into authorized electronic versions and vice versa;
- internal use of extracts (such as extracts from the Crime Register). These functionalities represent the only government-to-government Czech POINT services. Civil servants are required to use the Czech POINT information system

to obtain some extracts and data already registered in PAIS without requiring citizens to bring them;

- functionalities related to data boxes (application for their establishment and administration of rights);
- services fully available online via the Czech POINT E-SHOP, which offers only limited services (electronic applications for authorized versions of extracts from publicly accessible information systems).

Although the plans of the Ministry were ambitious and the number of Czech POINT services has been growing, Czech POINT is currently represented by a network of physical terminals providing reception services during their office hours. The project clearly attempts to transfer the administrative burden from the citizens back to public administration, and to some extent it has succeeded. In 2012, however, the CSO in its survey results pointed out that 30 % of population did not know about the project, 51 % were aware of the project, but had not used it, and only 10 % had actually used any of the Czech POINT services at least once (Czech Statistical Office 2012). The survey method of the CSO did not research the incentives for using Czech POINT services (or services offered by other key e-government projects) or aspects of user satisfaction.

*National public administration portal – promising in the past, unclear for the future*

The national public-administration portal ([portal.gov.cz](http://portal.gov.cz)) represents one of the oldest initiatives, improving since its pilot testing in September 2003. Its information services have been reshaping and growing (mainly due to the growing number of available live event descriptions), and for some time it offered transaction services (electronic submissions of some documents relevant for pension insurance, tax declarations, announcements of pollution, insertion of data for evaluating the exams of applicants for driving licenses).

In February 2012, the transactional part of the portal was restricted by the Ministry of the Interior, which proposed that its functionalities systems would be replaced by the data-boxes portal (established in June 2011 for accessing data boxes) without larger communication with users or with authorities such as the Ministry of Labour, which had been providing services through the former portal and had to quickly adapt and prepare their alternative e-submission instruments (Peterka 2011). In October 2011, the introductory web page of the data-boxes portal announced that it would become a portal from which users could access intelligent e-forms as well as their data boxes, and that the Ministry of the Interior had been negotiating with individual authorities in order to make them provide users with such e-forms. In March 2012, the design of the [portal.gov.cz](http://portal.gov.cz) had changed, and although it was called innovative by the Ministry, its transactional part was missing. As of February 2014, only the information part of the portal remains, only established

data boxes can be accessed, and the data-boxes portal ([www.mojedatovaschranka.cz](http://www.mojedatovaschranka.cz)) offers no e-forms.

*E-government deforms? – ICT support of social reform and register of vehicles as examples*

Municipalities have criticized the central government's approach to social-administration reform since 2012, when the provision of social-security benefits was transferred from ORPs to a newly-organized Labour office, while the municipalities remained responsible for social work. Available comments indicate that the reform was not explained sufficiently prior to its implementation by the Ministry of Labour and that the project was certainly not well prepared. The change was followed by new ICT solutions, which did not work properly for almost a year (blackouts, data losses and slackness are mentioned in the comments of media and users), and some people received social benefits only after significant delays (Chum 2013). More businesses had to work on the solution, the Ministry did not launch the public tender for it, and the media criticized the exorbitant price of the revision and the lack of transparency of the revisions (which is being investigated by the Office for the Protection of Competition).

The registry of vehicles represents a similar case. A new registry was launched in 2012, antedated by transfers of responsibilities for its management from the Ministry of the Interior to the Ministry of Transport. The launch itself was accompanied by the register breaking down and long-term malfunctions, which affected the municipal offices of ORPs as the front-line providers of registration services. In mid-August, people were still queuing at the offices because the new system was far slower, and the malfunctions required that officials work simultaneously in the old and the new systems. The media continuously reported that citizens relieved themselves of their legally defined obligations to register their vehicles and resorted to damage claims (Česká televize 2013).

## **Concluding remarks**

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So what are the roles and trends of coordination of and through e-government? The presented text clearly shows that coordination and e-government are two mutually interlinked concepts. E-government may be an object as well as an instrument of coordination by the central government, and these aspects cannot be separated without difficulties. Both aspects are visible in practices across Europe, where governments work with a mix of instruments aimed at enhancing the centralization of their e-government development through new centrally promoted infrastructures and services that allow for more integrated service delivery, virtual or physical, and through changes in organizational structures established for coordination.

Some of the challenges that governments may face when coordinating e-government and through e-government are illustrated by the Czech development. The paper clearly shows that the Czech central government and central executive authorities have not been passive in terms of the rhetoric of coordination and practical approaches to coordination of and through e-government. Challenges, which have been faced during the e-government development, can be linked to the following rather interlinked themes:

- high proliferation of ICT solutions and departmentalism;
- deficiencies in strategic planning and project management;
- lack of stability of national institutional structure for e-government cooperation;
- insufficient national evaluation.

The paper shows that new coordination practices emerged and were evoked by necessity to solve the high proliferation of ICT solutions implemented on various levels of state administration and government as a consequence of uncoordinated administrative fragmentation in the first post-communist decade.

The presented text implies that in the 1990s, the first decade of the post-communist history, the activities of the central government focused on the last levels of Metcalfe's coordination scale, particularly in the government strategy and the establishment of central priorities. However, it neglected the initial levels of the scale (independent decision-making of individual actors). Even the e-government strategy was not compact and in the form of a document integrating clear goals for the future. 1999 was crucial thanks to the approval of the first e-government strategy and also due to the approval of the first general e-government legislation that aimed at the standardization of management. This brought mainly the standardization of e-government policy (strategic planning), which became more or less a stable part of the thinking of the central government and its authorities, and basic principles of further e-government development and management. It was not followed by the stabilization of central institutional mechanisms that were supposed to coordinate e-government within a specified framework.

The paper also shows that although the institutional structure was stabilized to a larger extent than in previous years in 2007 when the Ministry of the Interior took over the responsibilities of the formerly existing Ministry of Informatics, other issues that hinder coordination of and through e-government persist. Obviously, the coordination should relate to policy as well as administration and the major unknown in the practice remains the balance between a focus on joined-up policy design and a focus on administration, since even when underlying policies are consistent, their implementation may not be necessarily compatible. This can be overcome (or at least indicated) by evaluation, which recently became a very visible topic in international e-government literature (Špaček 2013). This has been reflected in new duties and methodological guides in some European countries in response to pressure from the EU and other international organizations such as the OECD.

Although the Czech Smart Administration strategy from 2007 called for continual monitoring and evaluation of the quality of public services, and relevant duties were specified even before in legislation or in supplemental governmental operational documents, e-government management is still not transparent, national evaluation is scarce, and available reports indicate that e-government development and coordination is hardly evidence-based. Rather it is driven by opportunities to use EU funding and facilitated by mechanisms of support from EU funds. This raises the relevancy of the concept of sleeping accountability even higher due to frequent changes in political and executive management (and coordination) limiting the consistent long-term development of e-government. These changes also prevent top civil servants from holding pivotal positions in enhancing interdepartmental coordination (Hansen et al. 2012).

The introduced examples indicate that coordination may be enhanced through e-government. On the other hand new solutions may be damaging, downgrading the former solutions. The examples used indicate that often the role of stakeholder inclusion in designing strategies is neglected, in turn hindering the implementation of e-government projects and their coordination. This may cause distrust and a priori negative perception of what is and will be going on at the national level.

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# The Profile and Work of Officials in Central and Regional Administration Compared: The Case of the Czech Republic<sup>1</sup>

Arnošt Veselý<sup>2</sup>

## Abstract

This paper examines the profiles and work tasks of officials in central and regional administration in the Czech Republic. It analyzes data from surveys among the officials of eleven ministries in 2013 (N = 1351) and fourteen regional offices in 2012 (N = 783). First, the profile of ministerial officials (MOs) is compared with that of regional-level officials (ROs). In accordance with our hypotheses, on average it is found that MOs are, when compared to ROs, older, more educated and have spent more time in civil service. There is also a higher proportion of men in ministries than in regional offices. On the other hand, ministerial work seems to be affected by higher levels of fluctuation than jobs in the regional offices. Second, we compare work tasks of MOs and ROs. As expected, MOs are more involved in analytical tasks and research than ROs. In contrast, ROs are more likely to implement policies or programs, direct and monitor programs or lower-level bodies, provide advice for political bodies of the region, negotiate with elected politicians, communicate with citizens and provide methodological guidance, train or lecture. Contrary to our theoretical expectations, we found a strong positive correlation between analytical and brokering tasks (communication and negotiation). We thus reject the hypothesis that analytical tasks are at odds with negotiating and communication. Instead,

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it is concluded that most officials are multitaskers, and it is especially so in regional offices. It is hypothesized that this might be caused by the fact that regional offices are smaller and have a lower capacity to specialize.

**Key words:** Ministries; regional offices; policy analysis; policy work; sample survey; Czech Republic

## 1. Introduction

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Ministries are somewhat enigmatic institutions for many people. Ministerial officials are usually guarded from ordinary citizens by reception clerks who reject all unauthorized visitors. Information on what concrete tasks are undertaken in a given ministry and which members of staff are responsible for them are often restricted. The same is true, though to a lesser degree, for sub-national government offices. Even for public-administration researchers it is usually not easy to be allowed to study internal ministerial processes and work that is actually being done there. It seems to be especially so in an administrative environment with a low level of trust, which is one of the significant features of public administration in CEE (Randma-Liiv 2008; Bouckaert et al. 2011; Veselý 2013a).

Surveys of public officials have, of course, for a long time been a well-established part of public-administration research (Lee et al. 2012). Until recently, however, the survey research focused upon topics such as public-service motivation, attitudes, beliefs etc., and surprisingly little attention was paid to the actual *work* that public officials do as well as their *work profile*. This started to change during the mid-2000s with qualitative case studies in the United Kingdom and the Netherlands (Page and Jenkins 2005; Colebatch 2006). At the same time, theories on so-called “policy work” in public administration has started to be formulated (Colebatch and Radin 2006; Colebatch et al. 2010; see also Kohoutek et al. 2013 for review). A bit later, a series of large-scale quantitative studies of Canadian federal and provincial policy bureaucrats were undertaken (e.g. Wellstead, Stedman and Lindquist 2009; Wellstead and Stedman 2010; Howlett and Newman 2010; Howlett and Wellstead 2012; Howlett and Walker 2012). Together with national surveys on public-administration officials in countries such as Norway or the Netherlands (e.g. ’t Hart et al. 2007), we now have a solid base of empirical evidence from several of the most developed countries.

However, evidence from CEE countries is still very much limited, and just a few large-scale empirical surveys have been conducted in the region. The exception to this include a web-based survey of civil servants in the ministerial bureaucracies developed and managed by OECD in co-operation with RAND Europe (Meyer-Sahling 2009) and an executive survey on public-sector reform in Europe under the project “Coordinating for Cohesion in the Public Sector of the Future” (COCOPS), which was realized in Hungary, Lithuania, Serbia and Croatia. In other countries,

such as the Czech Republic and Slovakia, there have also been several narrower and more specialized studies (Drulák et al. 2003; Scherpereel 2004).<sup>3</sup>

Even these exceptions, however, provide very little information on what people in public administration actually do and what their basic characteristics are. The aim of this paper is to fill this gap in knowledge by presenting hitherto unpublished data from two large-N empirical surveys that were recently carried out in the Czech Republic. The first objective of this article is to describe the main characteristics of ministerial officials (hereinafter “MOs”) and compare them with the main characteristics of regional-level officials (hereinafter “ROs”) on the basis of several theory-led hypotheses. The second objective is to analyze the main types of tasks MOs and ROs undertake and to reflect this evidence in light of existing theories about the nature of works in central and regional government administration. The two surveys were carried out within a one-year period, were based upon the same theoretical framework and shared identical questions. We thus not only can for the first time describe in depth the profile and work of public officials in one of the CEE countries, but also – and this can be of interest to scholars outside CEE – differences between two levels of government – central and regional.

## 2. Theoretical background, hypotheses and research questions

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In this paper, we deal with two interrelated topics: 1) comparison of the profiles of ministerial and regional officials; 2) types of tasks and activities undertaken by ministerial and regional officials. We will first examine research questions, assumptions and the theoretical background of the first topic.

Regarding the profiles of MOs and ROs, we are particularly interested in the following questions: What kind of people work in these key offices? What kind of environments are they recruited from? How long have they been working in the office and how long are they planning to stay? Existing theory provides us with few answers to these profile questions. However, based on similar surveys abroad (especially in Canada) and practical experience with the situation of public administration in the Czech Republic, we can formulate a limited number of assumptions about the typical characteristics of MOs and ROs, as well as possible differences between them. First, international evidence (Howlett and Newman 2010) suggests that male officials are in the majority in central administration (ministerial officials) and female officials in regional administration.<sup>4</sup> Second, MOs can be expected to be older than ROs, primarily because the regional offices are historically much younger institutions than ministries. When the regional offices were initially established in 2000, they probably recruited a considerable part of their staff from the abol-

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3 For a comparison of ROs in Canada and the Czech Republic see Veselý et al. (2014, in press).

4 Admittedly, it remains unclear how this can be explained theoretically.

ished system of district offices, but at the same time, they hired many candidates, including young people, from outside the public sector. This is related to another hypothesis, namely that ROs have, on average, shorter career histories in public administration than MOs.

Third, we can expect somewhat higher education levels among MOs, especially since education levels in Prague (where all the ministries are located) are generally higher than in the regions. Another reason is that ministries might have higher concentrations of jobs in analytical departments and units that require a rich educational background or even a scientific qualification. On a similar note, we expect differences in the composition of previous job experience. If government ministries are indeed responsible for more analytically demanding tasks, then they should be staffed by more people with experience from academia (universities, the Academy of Sciences etc.). In contrast, ROs should typically have their previous job experience from other bodies of public administration (such as the district offices).

The last profile question concerns the officials' career plans, and specifically their intention to stay with the present bureau. In this respect, it should be noted that Act No. 218/2002 Coll. (the so-called Civil Service Act) was still ineffective at the time of our data collection, while Act No. 312/2002 Coll. (on Civil Servants in Regional Government) was fully implemented. For that reason, civil servants in the entire central government administration were working under more precarious conditions than those employed at the regional level. Therefore, we expect MOs to have shorter career plans than ROs. This is further supported by the fact that employment opportunities in Prague are much better than in the regions. Consequently, MOs might be tempted to leave the ministerial job.

The second group of research questions relates to the actual work done by MOs and ROs. What kind of tasks do they undertake and how often? In what aspects of work do they differ from one another? The work of government ministries goes far beyond the "mere" drafting of regulations and the administration of diverse forms. As bodies of central government, ministries have extensive and highly heterogeneous responsibilities and powers. In the Czech Republic, the scope of their official authority is defined by Act No. 2/1969 Coll. (the so-called Competence Act). While the text of the law is relatively brief and abstract, it does prescribe a highly diverse array of responsibilities for the different ministries. They are obliged to coordinate individual bodies of public administration, prepare conceptual and strategic documents for their policy domains, prepare and table draft laws, provide information and methodological guidance, negotiate agreements, direct government inspection in specific areas, etc. The thirteen Czech regions (*kraje*) are autonomously governed and were only established in 2001 as a result of extensive decentralization (Baun and Marek 2006). Their administration is concentrated in regional offices. In contrast to ministries, which usually have a long history, Czech regions are thus rather new institutions. However, they also have a wide range of competencies and

responsibilities, especially in social and health services, education, infrastructure development, environment protection etc. Officials at both central and regional government administration can also be expected to undertake a vast array of tasks.

Indeed, empirical evidence from other countries suggests that government and regional officials are no longer (if they ever were) just bureaucrats stamping and circulating documents. In fact, they “have numerous tasks including formal analysis, writing reports, managing the demands of the governmental process and above all, interacting with other players involved in the issue” (Colebatch et al. 2010, 15). The work of officials both at the central and regional levels include drafting legislation, writing policy papers, implementing various programs and projects, monitoring the work of lower-level bodies, formulating official positions on various issues etc. This is an immensely heterogeneous mix of tasks (Radin 2013).

In this paper, we are primarily interested in two categories of tasks which have thus far enjoyed the most theoretical and empirical attention. The first category concerns policy analysis (Dunn 2004). While English-speaking countries have a tradition of policy analysis, it has been institutionalized only recently in CEE. Policy analysis as a practically oriented discipline strives to provide clients (typically public officials with a decision-making authority) with such information and evidence that they can use in designing specific policies. Policy analysis typically includes problem definition, identification of alternative solutions, evaluation of such options and recommendations on what (not) to do. Traditional policy analysis is based on the assumption that what politicians (or other authorized officials) need for making a decision is a piece of frank and faithful advice derived from systematic analysis and based on the best available evidence. The main idea of traditional analysis can be expressed by the motto, “speaking truth to power”, in which truth stands for maximum objectiveness. In the Czech context, as in any other CEE country, policy analysis is barely established as a discipline, and the term is rarely applied in practice. Nevertheless, we assume that the actual work of MOs and ROs in the Czech Republic also covers those tasks that are normally undertaken by policy analysts (gathering data and relevant information, defining problems, identifying alternative solutions, selecting options and formulating recommendations).

The other type of tasks on which we focus in this paper concerns communication and negotiation with other actors. As many authors have noted, merely “speaking truth” often does not result in better policy choices.<sup>5</sup> The policy process is typically not so much about “finding the truth” but rather about finding a consensus, or reconciling different interests, values and beliefs. In the words of Robert Hoppe (1999), “speaking truth to power” is less important than “making sense together” – striving to identify shared meanings and mutual recognition. In this

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5 Traditional policy analysis has been criticized also from epistemological perspectives. However, for the purpose of the present discussion, we take the liberty of leaving the questions about the nature of “objective knowledge” aside.

respect, many authors argue that it is increasingly important to communicate with other actors in public administration and beyond, while tasks such as data analysis or cost-and-benefit evaluation of policy options are receiving less attention (Colebatch and Radin 2006).

In other words, it can be argued that the amount of work in the domain of traditional policy analysis (data collection and analysis, assessment of options) is negatively correlated to the intensity of communication and negotiation. The fewer analytical tasks a given institution undertakes, the more it communicates with other actors, and vice versa. In the absence of relevant longitudinal data, we can attempt to test this idea by comparing the tasks undertaken in different types of institutions or geographical locations. Interestingly in this respect, Rasmussen et al. (unpublished) compared the work of regional bureaucracies in the small Canadian province of Saskatchewan with two of Canada's largest provinces. In small jurisdictions like Saskatchewan, few institutions specialize on policy analysis. Based on their findings, the authors have concluded that public officials in such small jurisdictions obtain the necessary information through more active involvement in various networks.

Several theoretical arguments have been formulated to support the hypothesis that analytical tasks are at odds with brokering and networking. The first possible reason for this lies in the assumed decline of public administration's expert capacities due to outsourcing. Policy analytical capacities were traditionally concentrated within the confines of public administration, but in the course of the 1990s, the ideology of New Public Management influenced many developed countries to change their methods of producing the underlying analysis for policy decisions. Public administration has been under considerable political pressure to cut down on internal expertise and outsource a growing portion of its analytical tasks (Craft and Howlett 2013; Vesely 2012, 2013b). It can be argued that as public-administration bodies produced less analysis on their own, they had to reorient themselves on the process of public procurement and communication with bidders. That is, instead of production of internal analysis, officials are assumed to be more involved in communication with those outside the administration who actually produce it.

Another line of argument supporting the division between analysis and communication concerns general changes in governance. The political systems of developed countries have been undergoing profound changes in many respects. A lot of decision-making has been transferred from the central level to the regional and local levels, a trend referred to as "multilevel governance" (Hooghe and Marks 2003). Policy processes have been colonized by a multitude of new actors (Colebatch 2006) and increasingly shaped by networks of actors, rather than traditional hierarchies (Rhodes 1996). Many authors have argued that in a "network society" central governments are increasingly unable to assert their policies through "hierarchical relations". With the broadening array of actors involved in the policy process, it is no longer possible for any single organization (including central government and its

ministries) to pursue its mission on its own, separately from others (Koppenjan and Klijn 2004). Over the past two decades, public administration underwent considerable decentralization, with decision-making powers transferred to lower levels of government. This was accompanied by a growing role of supra-national institutions, especially the European Union. With the fragmentation of policy-analytical capacities grew the need to create links and share information between the different levels of governance.

How are these theoretical assumptions reflected in the everyday work of public officials? What is the proportion of “analysts” and “brokers” in public administration? Are policy-analysis tasks really at odds with negotiation and networking? According to the above theories, we should assume the existence of a large group of officials whose job it is solely to communicate and negotiate with citizens and other institutions of the public, civic and private sectors. Since working hours are always limited and attention can only be split between a finite number of priorities, one would hypothesize a negative correlation between these two types of work, with individual officials typically involved either in analysis or in brokering. In the absence of longitudinal data, we cannot verify changes in the proportion of analytical and brokering tasks over time. However, by comparing the officials working in central and regional administration, we can test the hypothesized relationship between organizational size and the extent of analytical tasks, assuming that ROs are involved less in analysis but more in communication/brokering, while MOs do more analysis and less communication/brokering.

Counterarguments against the hypothesis that there is a negative correlation between analytical and brokering tasks might be, however, also formulated. Both types of work require the same set of skills and need not be mutually exclusive. Thus, the tasks of policy analysis and brokering may be conflicting in some cases (negative correlation) and complementary in other cases (positive correlation). This may vary from organization to organization, depending on its size and age. Smaller and historically younger bodies of regional government can be expected to exhibit a more complementary relationship between the two types of work. Conversely, in the context of the larger and older ministries with more heterogeneous responsibilities, officials should have more opportunities and find it more essential to specialize and choose between the different types of work. In other words, we expect a closer coexistence between policy analysis and brokering tasks in the work of ROs.

### **3. Methodology and data**

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In this paper we use data from two recently realized large-N empirical surveys. One survey targeted ROs and the other one MOs. The target group was defined as all employees of a given ministry or regional office except those involved exclusively in its internal operations (car fleet, maintenance, secretariat, accounting etc.). In

both surveys, research design and the questionnaire were strongly inspired by the recent Canadian studies. Our questionnaire was based on the original research instrument of Adam Wellstead, Michael Howlett and their colleagues. The MO and RO questionnaires were basically identical, with a few new questions added for the MO survey.

As for the RO survey, data collection by means of CAWI (Computer-Aided Web Interviews) took place between September and November 2012. Prior to that, we compiled contact information from the official websites of the different Regional Offices and created a complete list of the ROs targeted (sample frame, 2615 contacts). All ROs in the sample frame were sent an email invitation to participate in the survey, which consisted of a link to the online instrument and a motivation letter from the organizers. 200 email contacts bounced and were identified as invalid. A total of 783 questionnaires were completed in full, resulting in a total response rate of 32.4%.

Data collection in the MO survey was organized between April and July 2013. Staff directories with contact information were found online for only 2 out of 14 ministries; the rest of them treated such directories as confidential. Step by step, 11 ministries agreed to participate in the survey (and disclose their staff directories, which served us as our sample frame). In seven ministries, data was collected by face-to-face interviewing: interviewers met with respondents, asked them a series of predefined standard questions and recorded their answers on a paper form (CAPI) or in a computer application (PAPI). For two ministries which preferred to participate without the involvement of interviewers, data was collected by the administration of online questionnaires (CAWI). In one ministry, a combination of CAPI and CAWI was implemented. The respondents were selected randomly from each ministerial sample frame. However, after a number of waves of random sampling, all individuals from each sample frame were eventually invited to participate. Thus, what was intended to be random sampling turned out as a census. A total of 1351 complete questionnaires were obtained, and the response rate was 29.4%.

Both surveys were faced with methodological challenges. Especially the MO survey underwent several refinements to its research design due to the different ministries' specific demands (e.g. CAWI) or limitations (e.g. job positions not identified in staff directory). For these reasons, we made an extraordinary effort to keep our methodology as rigorous and transparent as possible. Detailed methodological information about this survey can be found in a special article (Vesely 2013a), which also discusses in more detail the methodological challenges of implementation and of the possible limitations of the data obtained. The relatively low response rate (compared to "classical" opinion surveys) has been identified as the central issue. Nevertheless, response-rate issues are normal for this type of studies, and our response rate was equal to or higher than that the levels reached in similar surveys

among government officials abroad.<sup>6</sup> The analysis did not reveal any systematic bias, and we did not identify any reasons to believe that the data should be affected by it. Although the results of the analysis should be interpreted with caution (especially with regard to smaller units), the sample size and the sampling procedure guarantee both unique and sufficiently robust data to allow unprecedented insight in the everyday realities of work in Czech government administration at the central and regional levels.<sup>7</sup>

## 4. Empirical analysis

### 4.1 Profile of ministerial and regional officials

Our data enables a comparison between MOs and ROs on a series of parameters. Selected basic characteristics of both groups are shown in Table 1. Although most of the differences are statistically significant, they vary in magnitude from variable to variable. What stands out at first sight (and more or less meets our expectations) is the difference in gender ratio: equal numbers of men and women work in Czech ministries, while the majority of ROs are women (61.7%).

As for age, MOs are on average two years older than ROs, which is in accordance with our hypothesis. While officials around thirty represent the strongest age group at both levels of government, there are differences in other aspects of the age structure. The age distribution of the ROs is more even, with fewer demographic “indentations”. Additional differences become apparent when three age groups are defined (younger than 35, 35–49 and 50+). The youngest group is represented equally in both levels of (32% of MOs and 33% of ROs are younger than 35), and the middle-age group accounts for 32% of MOs and 39% of ROs. The main difference is in the oldest category: persons aged 50+ comprise only 28% of ROs but as many as 37% of MOs. In other words, the age structure of ministerial staff is weaker in the middle generation, while middle-aged officials form the “spine” of regional administration. In ministries, there is a large group of officials in pre-retirement or retirement age.

The data on education is also in line with our expectations: the overall education level of MOs is somewhat higher than that of ROs. Both groups are generally well-educated, with more than 90% of MOs and more than 88% of ROs having at least a Bachelor’s degree. The Master’s degree is clearly predominant (71% of MOs,

6 The response rate in the survey of MOs in seven new member states of the EU, which was implemented by RAND and OECD, ranged typically between 20% and 25%; Slovakia was the only country to exceed 25%, while Hungary reached as little as 10% (Meyer-Sahling 2009, 89).

7 It should also be noted that in this paper we analyze the whole sample and do not discriminate between levels of officials (e.g. senior, mid-level, lower level). We are aware that the position in public-administration hierarchy can have a significant impact on profile and tasks (e.g. Kabele and Hájek 2008; Howlett 2011). Thus it will be useful in the future to run separate analyses for different levels of public officials.

70 % of ROs). Persons with a Bachelor's degree account for 12 % of ROs, compared to 7 % of MOs; conversely, there are more workers with doctorates in the ministries (13 %) than in the regions (6 %). Both these numbers are quite high, given the total number of PhDs in the Czech workforce. Undoubtedly, the generally high levels of education among MOs and ROs are caused by the fact that a university degree is a typical job requirement; it remains difficult to interpret the high proportion of officials with a PhD degree.

The survey also included a question about the number of years spent in civil service. As the MOs are generally older, it is not surprising that they also have worked as civil servants for more years. Nevertheless, MOs and ROs have the same mean number of years spent in the present ministry or regional office. Further analysis revealed a higher variance of this parameter among MOs, with bigger groups of those who have been in the ministry for less than 6 years (50 %, compared to 45 % of ROs) or more than 10 years (31 %, compared to 23 % of ROs). This suggests the existence of at least two typical categories of ministerial workers in terms of their history in the present institution: "veterans" and a large group of relative "freshmen". The middle group of officials who have worked in the ministry for 6–10 years is relatively small, compared to the regional level.

The above findings allow us to draw one tentative conclusion: with the exception of "veterans", the jobs of ministerial officials are more precarious, i.e. affected by higher levels of fluctuation, than jobs in the regional offices. This interpretation is further supported by data about individual plans to stay with the present employer. On average, MOs are planning to stay fewer years, with as many as 7 % planning to leave in less than a year (compared to just 2 % of ROs), and only 22 % of MOs maintain a long-term perspective of more than 10 years (compared to 39 % of ROs). Further analysis by age groups reveals that this discrepancy is not primarily caused by the higher mean age of MOs. In contrast, the absence of a job perspective with the present employer affects young MOs (under 30) more than young ROs. This may be caused by several reasons. First, due to the absence of the effective Civil Service Act or other obstacles, young people may find little perspective in their ministerial jobs. Also, because all ministries are located in Prague with its rather abundant job opportunities, a large group of young MOs may consider public service merely as a start-up job bridging the time between university and a more desirable stage of their professional career. In contrast, since there are fewer opportunities for highly qualified workers while in the regional capitals, a regional office job may represent one of the few stable career perspectives for people with a university degree (or even a PhD).

Another question concerned the officials' prior career histories. As hypothesized, MOs are somewhat more likely than ROs to have an academic job on their resume. Not surprisingly, MOs are more likely to have prior job experience from central government administration and ROs from district offices or other bodies

of regional administration. The two levels of government have equal percentages of officials without prior job experience (who came straight from university) or with experience from the NGO sector. Surprisingly, relatively many MOs have job experience from the business sector (43 %, compared to 25 % of ROs). This finding is difficult to interpret and contradicts the common stereotype of “career bureaucrats” who join the ranks of civil service immediately after university and remain completely untouched by business experience. In the future, it would surely be interesting to examine MOs’ motivations for this kind of career change (perhaps higher pay, higher job security, shorter hours, higher self-efficacy in terms of public interest etc.).

## 4.2 Tasks undertaken

The other group of research questions concerns the tasks MOs and ROs actually undertake in their jobs. Two items of the questionnaires are relevant for this purpose. First, the respondents were presented with a list of tasks and asked whether or not they were personally involved in each of them (Table 2a). This was a dichotomous (yes/no), multiple-choice question (respondents were free to tick as many options as they wanted). Inspired by the Canadian surveys, the second item consisted of a battery measuring the frequency of involvement in each type of tasks (Table 2b). The wording of questions was identical for MOs and ROs, with only a few minor exceptions.<sup>8</sup> Apart from these exceptions, all items are directly and fully comparable.

As Tables 2a and 2b show, only few tasks are undertaken to the same extent by both MOs and ROs (these include budgeting and communication with other bodies of the public sector or with NGOs, and partly also the preparation of conceptual/strategic policy documents). All other types of tasks display clear differences between the two groups of officials. MOs are more likely to undertake data collection, research, problem identification and identification of possible solutions. Thus, as expected, MOs are more involved in analytical tasks and research than ROs. However, in absolute terms, MOs do not display high levels of “research capacities”. As many as 65 % of MOs (and the same percentage of ROs) stated they were never involved in research tasks, while only 5 % of MOs dealt with them daily or several times a week. Somewhat surprisingly, ROs also display a higher prevalence of routine administrative acts.

In contrast, ROs are more likely to implement policies or programs, direct and monitor programs or lower-level bodies, provide advice for political bodies of the

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8 The question on “preparing conceptual and strategic policy documents of ...” referred to “the Ministry” for MOs and “the Region” for ROs. The question referring to “organizations directly controlled” by the ministry was administered to MOs only. Finally, the question about consultations/negotiations with politicians was administered to MOs as two separate questions, one referring to politicians working in the same office (e.g. the Minister or Deputy Ministers) and the other one to those working elsewhere; this distinction was irrelevant to regional offices because they are headed by career bureaucrats, not elected politicians.

**Table 1**  
A profile of ministerial and regional officials

Variable	Ministries		Regional Offices		Labels		
	N	Mean	SD	N		Mean	SD
Gender **	1343	0.50	0.50	783	0.62	0.49	0 = male 1 = female
Age **	1337	43.43	12.43	783	41.38	10.81	Respondent's age
Education **	1349	4.80	0.97	783	4.60	1.01	1 = Primary + lower secondary (without GCSE) 2 = Secondary, vocational, with GCSE 3 = Secondary, general, with GCSE 4 = Tertiary, Bachelor's degree or lower 5 = Tertiary, Master's degree 6 = Tertiary, doctorate
Years spent in public administration **	1348	11.95	9.70	783	10.32	7.77	How many years have you been working in public administration? each of 1-30 individually, more than 30
Years spent with present employer	1346	2.73	0.99	783	2.70	0.90	1 = Less than 1 year 2 = 1-5 years 3 = 6-10 years 4 = more than 10 years
Plans to stay with present employer (years) **	1007	3.27	1.21	537	3.79	1.16	How many more years do you intend to remain in your job with your present employer 1 = For less than 1 year 2 = For 1-2 years 3 = For 3-5 years 4 = For 6-10 years 5 = For more than 10 years
Prior job experience							
Academia **	1349	.08	.271	783	.05	.212	0 = no, 1 = yes
Ministries **	1349	.12	.330	783	.04	.204	0 = no, 1 = yes

Bodies of central government other than Ministry **	1349	.24	.430	783	.07	.262	0 = no, 1 = yes
Regional (or District) Offices **	1349	.06	.232	783	.22	.417	0 = no, 1 = yes
Other bodies of regional government **	1349	.04	.189	783	.06	.242	0 = no, 1 = yes
NGO sector	1349	.06	.244	783	.06	.233	0 = no, 1 = yes
Business sector**	1349	.43	.495	783	.25	.433	0 = no, 1 = yes
Foreign/international bodies of public administration **	1349	.03	.163	783	.00	.051	0 = no, 1 = yes
No prior job experience	1349	.15	.355	783	.13	.331	0 = no, 1 = yes

Note: \*  $p \leq .05$ , \*\*  $p \leq .01$ , Independent t-Test (2 tailed)

**Table 2a**  
Tasks undertaken (dichotomous variable)

Variable	Ministries			Regional Offices		
	N	Mean	SD	N	Mean	SD
Preparing conceptual and strategic policy documents of the Ministry/Region*	1351	.46	.499	783	.45	.498
Analyses for decision-making (problem analyses, needs assessments, economic analyses, policy recommendations)**	1351	.50	.500	783	.41	.492
Legal analyses **	1351	.22	.415	783	.10	.298
Budgeting	1351	.18	.388	783	.21	.406
Communication with other bodies of public administration and with non-state organizations (of the business or NGO sectors)	1351	.66	.475	783	.67	.469
Advice for political leadership of the Ministry/political bodies of the Region **	1351	.16	.369	783	.22	.414
Direction and monitoring (of lower-level bodies or concrete programs) **	1351	.33	.469	783	.39	.487
Methodological guidance, training or lecturing **	1351	.35	.477	783	.49	.500
Administrative activities **	1351	.25	.433	783	.44	.497
Direct communication with citizens**	1351	.29	.453	783	.43	.496
Routine administrative acts **	1351	.60	.491	783	.51	.500

Note: \* p ≤ .05, \*\* p ≤ .01, Independent t-Test (2 tailed)  
Labels: 0 = no, 1 = yes.

**Table 2b**  
Tasks undertaken (ordinal variable)

Variable	Ministries			Regional Offices		
	N	Mean	SD	N	Mean	SD
Collection of data and information **	1320	4.34	1.60	783	3.22	1.46
Research **	1247	1.69	1.20	783	1.51	.87
Problem identification **	1321	4.47	1.36	783	3.33	1.56
Identification of possible solutions **	1316	4.54	1.29	783	3.41	1.56
Evaluation of possible solutions **	1312	4.34	1.33	783	3.38	1.56
Implementation of policies and programs **	1268	2.44	1.62	783	2.91	1.56
Consultations/negotiations with bodies of central state administration **	1306	3.06	1.44	783	2.21	.98
Consultations/negotiations with organizations directly controlled by our ministry	1300	3.20	1.60	0		
Consultations/negotiations with bodies of regional administration **	1299	1.97	1.27	783	2.39	1.14
Consultations/negotiations with elected politicians outside the Ministry (MPs)/with elected politicians **	1269	1.40	.75	783	2.02	1.26
Consultations/negotiations with political leadership of the ministry	1269	1.93	1.33	0		
Consultations/negotiations with other stakeholders **	1284	2.90	1.50	783	2.54	1.30
Consultations with the public	1297	2.54	1.69	783	2.53	1.60

Note: \*  $p \leq .05$ , \*\*  $p \leq .01$ , Independent t-Test (2 tailed)

Labels: 1 = never, 2 = several times a year, 3 = several times a quarter, 4 = several times a month, 5 = several times a week, 6 = daily.

region, negotiate with elected politicians, communicate with citizens and, perhaps somewhat surprisingly, provide methodological guidance, train or lecture. Equally surprising is the lower average intensity of routine administrative acts among ROs.

### 4.3 Analysts or brokers?

The last research concerned the extent to which policy-analytical tasks are complementary to or mutually exclusive with tasks such as negotiation or communication. In order to test that hypothesis, we have reduced the tasks undertaken by MOs and ROs to two internally consistent composite variables. Based upon results of factor analysis and the theoretical background explained above, we have created two composite variables. The first variable, labelled “analytical tasks” includes: collection of data and information, problem identification, identification of possible solutions and evaluation of possible solutions. The second variable, referred to as “brokering tasks”, includes: consultations or negotiations with bodies of central state administration, with bodies of regional administration, with elected politicians or with other stakeholders and consultations with the public. The value of each composite variable was defined as the sum of the frequencies of the different tasks included where 1 equals never and 6 equals daily. While the level of internal consistency is satisfactory for both composite variables, it is higher for analytical tasks than for brokering tasks.

**Table 3**  
Composite variables – analytical tasks/brokering tasks

<b>Analytical tasks</b>	Collection of data and information	
	Problem identification	
	Identification of possible solutions	
	Evaluation of possible solutions	
	Cronbach’s $\alpha$	0.90
<b>Brokering tasks</b>	Consultations/negotiations with bodies of central state administration **	
	Consultations/negotiations with bodies of regional administration **	
	Consultations/negotiations with elected politicians outside the Ministry (MPs)	
	Consultations/negotiations with other stakeholders **	
	Consultations with the public	
	Cronbach’s $\alpha$	0.63

Table 4 below gives more information on the intensity of analytical and brokering in the two samples generally, and for each ministry specifically. It is immediately apparent that both MOs and ROs tend to undertake analytical tasks much more frequently than brokering tasks. As expected, MOs are more likely

to undertake analytical tasks. As the intensity of brokering tasks is approximately the same in both samples, we have rejected the hypothesis that organizations with lower involvement in analytical tasks are more preoccupied with communication and negotiation. As for the distribution of analytical and brokering tasks between ministries, the highest intensity of analytical tasks is exhibited by the Ministries of Foreign Affairs, Defense and Transportation, and the lowest levels by Labor and Social Affairs, Justice, and Education, Youth and Sports. It should be noted that these results do not suggest that some ministries are “better” than others because they tell us nothing about the complexity and quality of their policy-analytical efforts. However, possible structural differences between the ministries cannot be ruled out, and it would certainly be interesting to examine more thoroughly why MOs in “social” ministries (that are responsible for public services such as health care, education or social welfare) exhibit the lowest intensity of analytical tasks and, at the same time, slightly above-average involvement in brokering tasks.

**Table 4**  
Analytical and brokering tasks by institution

	Analytical tasks			Brokering tasks		
	N	Mean	SD	N	Mean	SD
Foreign Affairs	58	4.78	1.00	53	2.56	0.83
Defense	219	4.64	1.08	218	1.96	0.72
Transportation	102	4.51	1.13	101	2.59	0.91
Finance	122	4.42	1.07	123	2.27	0.77
Environment	78	4.41	1.16	68	2.31	0.77
Culture	140	4.37	1.25	141	2.44	0.94
Industry and Trade	79	4.37	1.14	64	2.40	0.79
Health	124	4.36	1.24	126	2.51	0.89
Education, Youth and Sports	80	4.33	1.12	80	2.51	0.88
Justice	103	4.29	1.23	103	2.33	0.80
Labor and Social Affairs	174	4.26	1.11	175	2.43	0.74
<b>Ministries total</b>	<b>1279</b>	<b>4.43</b>	<b>1.15</b>	<b>1252</b>	<b>2.35</b>	<b>0.84</b>
<b>Regional Offices total</b>	<b>783</b>	<b>3.33</b>	<b>1.40</b>	<b>783</b>	<b>2.33</b>	<b>0.60</b>

Table 5 indicates individual-level correlations between analytical tasks and brokering tasks. There is clearly a strong positive association between these two types of tasks: officials involved in analytical tasks are also more likely to undertake brokering tasks. It is in sharp contrast with the hypothesis that analytical and brokering activities are at odds. Quite the opposite is the case – these types of tasks are highly complementary both among MOs and even more so among ROs. A comparison between ministries reveals high differences in the strength of the relation-

ship between analytical and brokering tasks, with the highest levels of correlation measured for the Ministries of Foreign Affairs, Transportation, Environment, and Industry and Trade. This suggests that “social” ministries might exhibit higher levels of specialization between analytical and brokering tasks than the other ministries. It also indicates the often overlooked fact that the nature of policy work differs between policy domains, e.g. between the so-called “power” and “social” ministries.

**Table 5**  
Correlation between analytical and brokering tasks

	<b>Pearson’s r</b>	<b>N</b>	<b>Sig.</b>
Foreign Affairs	.447**	53	.001
Transportation	.415**	100	.000
Environment	.388**	66	.001
Industry and Trade	.360**	63	.004
Defense	.328**	215	.000
Culture	.321**	140	.000
Justice	.302**	103	.002
Labor and Social Affairs	.264**	173	.000
Education, Youth and Sports	.182	79	.109
Finance	.175	122	.055
Health	.085	124	.346
<b>Ministries</b>	<b>0.257**</b>	<b>1237</b>	<b>.000</b>
<b>Regional Offices</b>	<b>0.529**</b>	<b>783</b>	<b>.000</b>
<b>Combined dataset</b>	<b>0.352**</b>	<b>2020</b>	<b>.000</b>

Note: \*  $p \leq .05$ , \*\*  $p \leq .01$

## 5. Discussion and conclusions

Scholarly articles are often concluded with a call that “more research is needed”, and we could certainly make use of that cliché as well. In this paper, we have opened a topic which is marked by large gaps in empirical evidence. We have been able to fill some of these gaps with results from two original surveys. Some of our findings confirm our hypotheses based upon theoretical background and findings from other jurisdictions. However, at the same time, other findings lead to new questions and challenge current theoretical assumptions. At the moment, for instance, we are not able to fully explain the high level of MOs’ previous experience in the business sector or why ROs display such a high level of providing methodological guidance, training or lecturing. Other findings, such as the assumed lower stability of work in

ministries, can be reasonably explained by factors such as an ineffective Civil Service Code. This, too, however, should be confirmed by further research.

Our analysis of work tasks has been led by the hypothesis that in current public-administration negotiation, communication and networking become more and more prevalent, and that this can be at odds with analytical tasks. Our data strongly rejects this hypothesis. Most officials are multitaskers. It is not by accident that several respondents used the open question asking them to describe their work activities commenting that they felt like “Ferdý the Ant – work of all kinds”. *Ferdý the Ant* is a hero from famous books by Czech writer Ondřej Sekora. Ferdý is an extraordinary ant with a lot of diverse experience and challenges, which he is able to solve with manifold abilities and skills. In the Czech discourse, Ferdý the Ant is a synonym for a person who has to – and is able to – do many quite diverse things.

The “Ferdý phenomenon”, as we could call it, seem to be especially visible in regional offices. It might be caused by the fact that regional offices are on average smaller than ministries, and there is thus a lower capacity to specialize on particular tasks such as analysis. It is also true that in ministries with a higher number of employees (such as the Ministry of Education, Youth and Sports and the Ministry of Finance) the correlation between analytical and brokering tasks is lower than in smaller ministries such as the Ministry of Culture or the Ministry of Transportation). However, there is no clear linear trend. For instance, the Ministry of Health, where the correlation is the lowest, is a relatively small ministry.

In any event, analytical and brokering tasks seem to be rather complementary, although we are not sure why. We can hypothesize that the line between different groups of officials is drawn along the *intensity* of their work, rather than its *content*. The actual tasks undertaken by any given MO or RO may somewhat deviate from their official job description. Like any other institution, public administration is occupied both by people who live for their work, strive to be active and efficient and work extra hours when necessary<sup>9</sup>, and by others who work to earn their living and do not seek any special engagement. Based on our data, we would also assume that in order to do the job of policy analysis thoroughly, one needs to spend some extra time consulting and negotiating. In other words, those who honestly strive to identify problems and recommend solutions find it necessary to consult their opinions with those stakeholders who are most affected by these problems.

Finally, the findings of our analysis also feed back into the theoretical framework. The nature of the work in public administration seems to depend on a number of additional factors that tend to be overlooked. Besides macro-structural factors such as decentralization, multilevel governance and the growing role of networking, we have identified a number of mezzo- and micro-factors such as: size of the bureau, age of the institution, policy domain (health, social affairs etc.) or

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9 It would be very interesting to examine this type of leaders in the ranks of ministerial and regional officials.

employment opportunities in the region. There is also a specifically Czech factor, the precarious employment situation of MOs given by the ineffective Public Service Act. The fact that our data was collected in 2013, i.e. before the Act came into effect, gives us the opportunity to make a comparison in the future to see the difference such a regulatory framework would make.

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**NISPAcee  
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# Public Service Motivation in Europe: Testing Attitudes toward Work Motives<sup>1</sup>

*Palina Prysmakova<sup>2</sup>*

## Abstract

The article addresses the differences of reward motives between public and private-sector employees in 26 European countries. Employing a multi-national sampling frame and by using multivariate statistical tools, it contributes to the literature on comparative public-service motivation (PSM). Ordered logistic regression is performed on the secondary data from the European Social Survey to answer two questions: (1) Do public employees rank the importance of helping others higher than private-sector employees do? (2) Do public employees consider personal wealth lower in importance than private-sector employees do? The results provide empirical evidence that PSM is a prevalent concept, suggesting the universality of the differences in work motivation between sectors across studied countries in Europe. Overall, a public employee finds it more important to help others than their private counterparts and values wealth less than individuals employed in the private sector. The analysis of the data from Eastern European countries shows the most extreme results for both questions, i.e. in this region the largest difference in attitudes exists between the two sectors. The study further reveals statistically significant relations between intrinsic and extrinsic motivators and certain demographic characteristics such as age, years of education, gender and the size of a household.

**Key Words:** public sector, private sector, intrinsic rewards, extrinsic rewards, Eastern Europe

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## 1. Introduction

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The concept of Public Service Motivation (PSM) started to penetrate European Public Administration in the early 2000s. At that time, a Western European scholar, Wouter Vandenaabeele emphasized the great difference between European and American backgrounds. He insisted that various types of governments present in Europe influence the motivation of public-sector employees differently. Vandenaabeele (2004) complicated matters further saying “although there are examples of self-interested behavior by public servants, it is certainly no universal rule” (6). While Vandenaabeele (2004) might be right that the motivation of employees varies on the opposite coasts of the ocean, this article proves that there are many more similarities in motivation between European countries than Vandenaabeele (2004) would expect. Using the analytical tools of quantitative research methods, the results of this study suggest clear patterns of motivation across the public and private sectors in Europe.

The undertaken research examines the differences in individual preferences for intrinsic and extrinsic job rewards across different regions in Europe. The study includes an analysis of individual surveys from 26 European countries, both from the European Union (EU) and outside of it. It focuses on two dependent variables, which are (1) the importance of being rich, have money and expensive things; and (2) the importance of helping people and care for others’ well-being. The unit of analysis is an employee; a sample is gathered by pooling the respondents of the European Social Survey, round 4, conducted in 2008, and round 5, conducted in 2012. A key independent variable is whether a person works for the public or for the private sector. The ordinal logistic regression model is used to track the causality between dependent and independent variables, controlling for gender, age, number of people in a household and living with partner/spouse.

The present study contributes to the research literature on comparative public-service motivation by using data from the European surveys that employ a multi-national sampling frame and by using multivariate statistical tools. The study introduces empirical evidence of the generalizability of the PSM concept, particularly its intrinsic and extrinsic reward components, suggesting the universality of the concept across different countries in Europe. The results of the study also reveal statistically significant relations between intrinsic and extrinsic motivators and certain demographic characteristics such as age, years of education, gender and the size of a household.

The study of motivation rewards has a close relation to the international public-administration practice. PSM has significant implications in the field of public administration, and it should be fully explored and examined in different contexts and in different samples (Kim 2009). It is equally important across all countries that the organizational opportunity structure allows to fulfill individual predispositions

before action is initiated (Crewson 1997). Stating the differences in the reward system between the public and private sectors suggests that the public sector requires its own reward system based on values different from those in the private sector. The mismatch of extrinsically motivated individuals put into positions that provide mainly intrinsic motivation causes alienation in workplaces, which could be fought by increasing the accuracy during to the recruitment process. The hiring preferences of Human Resources departments in public organizations should lean towards individuals with a high level of intrinsic motivation, which can be measured using the numerous tools designed by the scholars who study public-service motivation.

## **2. Research questions**

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This study presents two questions crucial for the progression of comparative public-employee motivation research in Europe: is there any generalizable evidence that public-employee reward motivations differ from private-employee reward motivations in European countries? If yes, are there any patterns of the reward orientations in Europe? The main theory behind this study is public-service motivation, which assumes that the choice of a person to work for the public sector is run by a personal attitude towards helping other people rather than the idea of financial prosperity. The study not only interconnects and strengthens the results of public-motivation research conducted in separate European countries, like the United Kingdom (Horton 2006), the Netherlands and Germany (Vandenabeele et al. 2006), Switzerland (Ritz 2009) etc., but also incorporates new countries in the motivational research which were previously omitted in both single-case and comparative studies. Thereby, the main goal of this research is to study Europe in its broader geographical sense, expanding previous research by Central and Eastern European countries, non-EU countries and what is called in this study “Eastern Mediterranean”, which includes Turkey, Israel and Cyprus.

The study compares public and private-sector employees and their working motivation across Europe. It asks whether personal wealth matters and whether it is important to help others: (1) Are public-service employees more likely than others to perform their job responsibilities due to their will to lend a helping hand to others? (2) Are public-service employees less likely than others to act out of mere monetary interest or, simply put, because of money?

## **3. Literature review**

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### **3.1 Concept of PSM**

The concept of public-service motivation (PSM) has its roots in the public-administration literature. A common articulation of public-service motivation is that civil servants are characterized by an ethic to serve the public: “PSM is part of a be-

havioral process in which public service motives lead to behaviors that benefit the public” (Kim and Vandenberg 2010, 703). Other authors have connected a multidimensional concept of PSM on theoretical and empirical bases to the individual will to be engaged in pro-social behavior, a commitment to the public interest, service to others and self-sacrifice (Brewer and Selden 1998; Perry 1996; Rainey 1982). Generally, PSM is “an individual’s predisposition to respond to motives grounded primarily or uniquely in public institutions and organizations” (Perry 1996, 6).

Applying one definition or another, PSM studies are usually imbued with the idea to do well for others and shape the well-being of society (Perry and Hondelghem 2008; Kim and Vandenberg 2010). The definitions of PSM, however, vary among authors depending on the focus of a study: whether a researcher looks at different correlates to PSM, origins of the concept or various types of PSM. This study looks at individual PSM in the organizational context, studying whether extrinsic and intrinsic rewards, which could be obtained performing a job in the public and private sectors, are important for individuals. Studies show that emphasizing intrinsic rewards over extrinsic rewards is a common phenomenon found in public institutions (Houston 2000; Perry 1997). Thus, the working definition used in this article is the one that includes both extrinsic and intrinsic dimensions of job rewards:

More broadly, public service motivation can be characterized as a reliance on intrinsic rewards over extrinsic rewards (Crewson 1997).

### 3.2 Review of relevant research

The New Public Administration movement that started in the 1960s brought resistance to prevailing rationality and associated models of human behavior redirecting the research focus on differences in personalities, interests, motives, attitudes, all of which justify behavior patterns of individuals. Since then, numerous studies empirically investigated differences in reward motivations between public and private-sector employees. Most of them confirmed that public-sector employees rank social/personal rewards higher than monetary rewards, whereas the opposite is true for private-sector employees (Dilulio 1994; Kim 2005; Houston 2000, 2006; Feeney 2008; Jurkiewicz et al. 1998; Kilpatrick et al. 1964; Rainey 1982, 1997; Schuster 1974; Wittmer 1991; Crewson 1997). Other studies have found public employees to possess more altruistic attitudes than private-sector workers (Rainey 1997) and to possess a higher sense of civic duty (Conway 2000).

Research shows that public-sector employees have motivations and rewards expectations that differ from their private-sector counterparts, despite the differences in operationalizations of reward motivation in separate studies. Various qualitative and quantitative studies present similar findings, whether research was conducted through interviews (Warner et al. 1963), case studies (Rainey 1982; Hall et al. 1970) or cross-sectional surveys (Guyot 1962; Crewson 1997). At the same time, a number of studies show equal values to earnings and psychological rewards

across public and private-sector employees (e.g. Lyons et al. 2006; Maidani 1991; Baldwin 1987; Gabris and Simo 1995).

A reason for the inconsistent findings about job motivators is the frequent use of limited research designs. Most of the results mentioned above are generalized on the observation of small probability samples, usually limited geographically to a county, a city or a state with samples that were no larger than 350 respondents (e.g. Baldwin 1987; Gabris and Simo 1995; Jurkiewicz et al. 1998; Maidani 1991; Wittmer 1991). Crewson (1997) and Houston (2000) are notable exceptions here, since they both analyze survey data sets with large national probability samples and estimate multivariate models with more complete sets of control variables. The findings of both Crewson (1997) and Houston (2000) confirm PSM, since they prove that motivational differences exist between public and private workers.

The majority of the studies mentioned above were conducted in the United States. Despite the substantial knowledge on PSM in North America and some highly-developed Western countries, there is a gap in both an overwhelming share of European analyses and a separate analysis of PSM in the developing world (with the exception of some Asian countries). The extension of the research to Europe, Asia and Australia has raised issues about the dimensions and operational measures for non-U.S. contexts (Perry and Hondeghem 2008; Kim and Vandenabeele 2010).

Despite the difficulties, the concept of PSM started to spread around the globe. As the author of the PSM concept, James L. Perry (2012) was surprised when during his working trip to South Korea, where he had to evaluate some civil servants' recruitment procedures, he found out that one of the questions on the employers' recruitment check list was public-service motivation. As for South Korea, Kim (2009) from Seoul National University of Technology has recently analyzed whether PSM observed in the United States by Perry (1996) can be generalized to his country. His starting point is that Korea and the United States represent substantially different cultures. As a result of regression analyses, he proves that rational motives are not entirely related to PSM in the Korean context, but rather could be explained by deeply rooted Confucian values and ideals, which has heavily influenced the Korean government and Korean attitudes toward the government.

Besides Korea, there are also some active research enterprises on PSM in the following countries: France (Chanlat 2003; Castaing 2006.), Great Britain (Georgellis et al. 2010; Horton 2006), the Netherlands (Leisink and Steijn 2009), Switzerland (Ritz 2009) and Belgium (Vandenabeele 2008). Although research on public-service motivation has been recently conducted in different countries, these are often single-nation studies that are not able to explain the relevance of the national context (Houston 2011, 761). Two notable exceptions are the cross-national studies by Vandenabeele and Van de Walle (2008), who analyze survey data from thirty-eight nations, and by Houston (2011), who compared eleven nations.

The cumulative study of Vandenberg and Van de Walle (2008) confirmed variation in average public-service-motivation scores among nations and world regions. Houston (2011), in his turn, has restricted his research to the Western world and conducted a two-year panel study of eleven North American and Western European nations. His Western comparison was limited to the national samples from Belgium (Flanders), Canada, Denmark, Finland, France, Great Britain, Ireland, Norway, Sweden, Switzerland and the United States.

The question remains whether PSM observed in North America and developed Western countries can be generalized to Europe as a whole. The purpose of the present analysis is to prod scholarship toward addressing unexamined issues of PSM in Europe by analyzing cross-sectional data from the European Social Survey round 4, conducted in 2008, and round 5, conducted in 2012. These data permit a comparison of the attitudes of workers in the public sector and in the private sector in terms of the importance they assign to several work motives. Using samples from 26 European nations pooled for two rounds, the factors that may correlate with these attitudes will be controlled (e.g. sex, age, living with wife/husband/partner).

Secondary data from the ESS is used to answer two questions that relate to the theory of intrinsic and extrinsic rewards and, thus, public-service motivation. To address the existence of a hypothesized difference of reward motives across sectors, this research asks two questions: (1) Do public employees rank personal wealth lower in importance than private-sector employees do? (2) Do public employees rank the desire to help others higher in importance than private-sector employees do?

## **4. Hypotheses**

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Public-service motivation offers an explanation for the overshadowed desire to become wealthy and the desire to help others. It holds that: (H1) public-service employees are more likely than others to perform their job responsibilities due to their will to lend a helping hand to others and (H2) not so much due to a desire to accumulate wealth. These hypotheses are in line with the existing literature on public management.

### **4.1 Helping others**

Studies of the importance of helping others for public employees show universal results, whether they involve specially designed projects and surveys with smaller samples or large cross-country surveys that cover the general population. Rainey (1982, 1997) used data from surveys of employees in five public and four private organizations to show that public employees have a greater interest in altruistic or ideological goals such as helping others or doing something worthwhile for society and less interest in monetary rewards than do their private-sector counterparts.

Similarly, Wittmer (1991) presented the results of the Public-Private Organization Studies Project involving 210 employees in public, private and hybrid organizations that showed public-sector employees strongly emphasize helping others and performing work that is worthwhile to society as important motivators for their performance. Crewson (1997), in his turn, analyzed large surveys that cover respondents from across the United States, for instance, the General Social Survey. He also proved that public employees rate a feeling of accomplishment and performing work helpful to society and to others as more important job characteristics than do private-sector employees.

## 4.2 Being rich

Obviously people are unlikely to produce without some expectation that they will receive economic benefits in exchange for their effort (Porter et al. 1974); therefore financial reward is an inseparable part of most of the PSM studies. Monetary rewards as correlates to PSM have been either the main focus of research or used as a control variable (e.g. Taylor 2010; Perry 1997; Houston 2000; Crewson 1997; Lewis and Frank 2002; Lewis 1991). The results of Jurkiewicz et al.'s (1998) study, however, suggest that public and private employees are attracted to their job for different reasons. Houston (2000) examined several reward motivators such as high pay, job security, prestige of status and promotion and found that employees in the public sector place less importance on higher pay as compared to private-sector workers. On the other hand, Gabris and Simo (1995) and Crewson (1997) found that there is no significant difference between sectors in the importance placed on high pay. At the same time, Crewson's (1997) results suggest that intrinsic rewards are more important for public employees than for private employees. Baldwin (1984) reached similar results when he found that despite the difference in payment between public and private sector there is no difference in motivation level of the employees.

## 5. Data and methods

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National and international general population surveys are frequently used in PSM studies as a secondary data source. For example, Houston (2000, 2006, 2008) utilized data from the American General Social Survey; Park and Rainey (2008) relied on data from the American Merit Principles Survey; Vandenabeele and Van de Walle (2008) used items from the International Social Survey Program; Crewson (1997) utilized data from the American General Social Survey and Federal Employee Attitude Survey; Taylor (2010) worked with the dataset from the Australian Survey of Social Attitudes (AuSSA). The main drawback of general surveys is that they are not designed to measure PSM. Despite this limitation, they remain the best data source available that provides large enough samples enabling a generalization of the findings to the population in a studied country as well as cross-nationally.

The data for this project were taken from the fourth and fifth rounds of the European Social Survey (ESS) 2008–2012, available through the website of the Norwegian Social Science Data Services. The ESS is an academically driven multi-country survey, which has been administered in over 30 countries to date and pursues three aims: firstly, to monitor and interpret changing public attitudes and values within Europe and to investigate how they interact with Europe's changing institutions; secondly, to advance and consolidate improved methods of cross-national survey measurement in Europe and beyond; finally, to develop a series of European social indicators, including attitudinal indicators (Codebook 2012).

A key independent and controlled variable used in the analysis below came from the ESS socio-demographic profile and Gender, Age and Household Composition, and the dependent variables are taken from the Human Values Scale module. The survey covers persons aged 15 and over who reside within private households, regardless of their nationality, citizenship, language or legal status, in the participating countries. At the same time, since the present study is interested in the current employees of the public and private sectors, the data was cleaned using an ESS question whether a respondent has been doing paid work for the last 7 days (or away temporarily) that helped to separate and eliminate the unemployed and retired, while focusing on active employment.

This article represents the results of a cross-sectional study based on pooling respondents from two separate years of observation. This type of putting two data sets together is possible, because the ESS is based on random sampling. The preference towards a pooled cross-sectional analysis was given due to the large number of responses (38,204), which is enough to obtain significant results. However, a panel analysis is definitely worth conducting in order to confirm the results of the current study. A panel analysis is left for future research.

There are 26 countries that have participated in the fourth and fifth rounds of the ESS: Belgium, Bulgaria, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Israel, the Netherlands, Norway, Poland, Portugal, the Russian Federation, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine and the United Kingdom. The first step of the analysis was to put all countries together and run a regression. However, even though the results for pooled responses from 26 countries are significant, they do not reflect the motivation variance across the regions. Therefore, the countries were grouped in clusters.

The criterion used to form groups was a country's relation to the European Union. Being an EU member state implies sharing EU fundamental values, which include the securing of a lasting peace, unity, equality, freedom, security and solidarity. The latter is directly connected to the public-service-motivation ideas of helping those in need. Being a fundamental European value reflected in EU law, the principle of solidarity is based on sharing both the advantages, i.e. prosperity, and

the burdens equally and justly among members (Eurofound 2011). Thus, the EU law calls on the intrinsic motivation of the citizens of its member states.

Thereby, six groups were created out of 26 countries:

- EU Founders: Belgium, France, Germany and the Netherlands (N=7,271);
- Countries that joined the EU before 2004: Denmark, Finland, Greece, Ireland, Portugal, Spain, Sweden and the United Kingdom (N=12,786);
- EU members that joined after 2004 (consists mainly of countries from the former Eastern bloc): Bulgaria, the Czech Republic, Estonia, Hungary, Poland, Slovakia and Slovenia (N=9,362);
- Eastern European countries that are not part of the EU: the Russian Federation and Ukraine (N=2,864);
- European Free Trade Association (EFTA), countries that do not belong to the EU, but have very tight economic relations: Switzerland and Norway (N=3,347);
- Eastern Mediterranean (“left-overs”): Cyprus, Turkey and Israel (N=2574)\*.

\* Though each country in this group is culturally and politically distinct, since the data for these three countries is available, the regression is run more out of curiosity than for the significant result itself.

## 6. Dependent variables: Importance of being rich and importance of helping others

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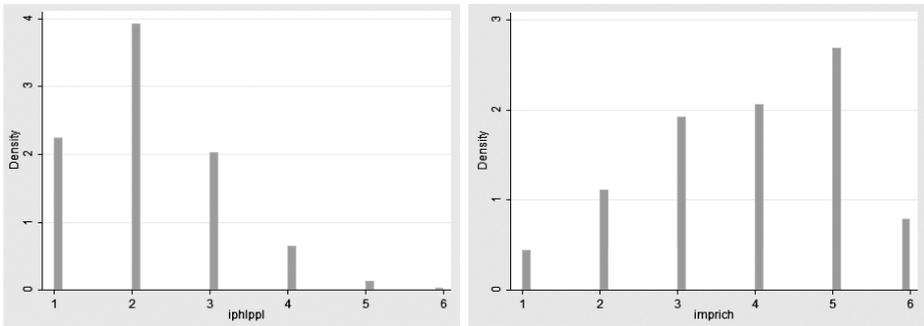
The two histograms below reflect the variation of answers on two ordinal questions for the whole sample of 38,204 observations. The histograms were created to check the dispersion of the responses within the combined sample of 26 countries. These histograms are for both public and private employees together. As could be observed, individuals across Europe tend to think of themselves as better than they are in reality, putting less emphasis on the importance of being rich and stressing the importance of helping others. Most probably the distribution is skewed due to the social desirability bias, checking which might be another interesting study. The skewedness of the data, however, does not influence the results, since the study uses multivariate ordinal logistic regression to test the model. A normal data distribution is not required to run this type of regression.

Besides valuable demographic data, the ESS survey collects attitudinal responses on a multitude of political and social issues and includes two questions that are related to motivations and rewards relevant for the current study. Thus, measures of importance in public-service activities were developed from questions that asked how essential it is for the person to be rich and how essential it is for that person to help people and care for others’ well-being. The ESS statements were formulated in the following fashion:

- It is very important to her/him to help the people around her/him. She/he wants to care for their well-being (see Histogram 1).
- It is important to her/him to be rich. She/he wants to have a lot of money and expensive things (see Histogram 2);

### Histograms 1 and 2

Response distribution: Importance of helping others and importance of being rich



In its nature, “Importance of being rich/helping others” is a continuous latent variable that has certain threshold points and whose values determine what the observed ordinal variable equals. In the ESS, the two observed ordinal variables have six response categories indicating to what extent an individual identifies him-/herself with the person described: (1) Very much like me; (2) Like me; (3) Somewhat like me; (4) A little like me; (5) Not like me; (6) Not like me at all.

## 7. Independent variable: Public vs. private

It is highly likely that due to the prominent role of the public interest, public organizations are more attractive for an individual who sees an opportunity to satisfy her/his public-service motivational needs (Houston 2011). Public-sector occupations seem to better satisfy these motives. Empirical research has yet to examine the significance of public-service motivation in typically public sectors as opposed to typically private sectors across Europe. Thus, the primary independent variable of interest is the sector in which an individual is employed. The following analysis will compare these sector groups in terms of where public-service motivation is most likely to be concentrated.

The ESS has a direct question that helps to determine whether a respondent works for the private or the public sector: “Which of the types of organization on this card do/did you work for?” This question has five categories: (1) Central or local government; (2) Other public sector (such as education and health); (3) A state owned enterprise; (4) A private firm; (5) Self-employ. Since our study is interested

in typically public and private employees, a special measurement scheme has to be created to classify respondents based on their sector of employment. Category 1 and category 2 were merged to create a new category PUBLIC (30% of observations), and category 4 was used to represent PRIVATE (70% of observations). Employees of state-owned enterprises and the self-employed were eliminated due to the different nature of origin and functions. Thus, a dummy variable was created to represent whether or not a respondent is employed in an industry which is typically considered to belong to the public sector.

**Table 1**

An average European employee: Means for the public and private sectors

	<b>Public Sector (30% of observations)</b>	<b>Private Sector (70% of observations)</b>
Age	44.2	40.5
Education in Years	15	13
Gender	Female (66%)	Male (57%)
Partner	Not-single (70%)	Not-single (65%)
Household Members	You + 2 people	You + 2 people
Establishment Size	Around 55 employees	Around 40 employees

The table above presents some descriptive statistics for an average employee in the public and private sectors in Europe. A public employee is mainly a woman in her mid-forties with fifteen years of education, not single and living with two more members of her family. A typical private employee tends to be, on average, a younger and less educated male. There are more singles in the private as compared to the public sector, but with the majority being not single.

## 8. Controlled variables

The research literature on public-service motivation provides guidance for the development of a multivariate model that will serve as the basis for properly testing the thesis. Testing the hypothesis related to the perception of richness and the desire to help others implicit in PSM initially is performed in a regression analysis. To control for the influence of socio-demographic variables found to be significant in previous research on PSM, multivariate ordinal logistic regression models are to be used for the in-depth analysis.

In order to identify the net effect, which the independent variable *public* has on the dependent variables *importance of being rich* and *importance of helping others*, the model includes a number of controlled variables such as gender, age, number of people in a household, years of education, a salary as a main income of a family and living with partner/spouse. As for the latter, an additional dummy variable *partner*

was created to represent, whether a respondent lives with husband/wife/partner. Even though the ESS survey includes the standard dichotomous dummy variable regarding marital status, the *living with partner/spouse* variable was chosen deliberately, considering the fact of physically possessing a family that you have to care about and that live with you as more important than a stamp in an official document, stating your marriage status. As previous research suggests, individuals who are married and own their home are more likely to be settled into their community and feel a responsibility for their neighbors (Houston 2006). The study stresses that sharing a home with a husband/wife/partner is more important than being officially married on documents and not sharing a household at the same time. Thus, due to the high level of unregistered couples which live together in Europe, the variable chosen depicts a broader picture that better reflects reality. Giving preference to this variable, the analysis also includes sexual minorities, whose marriages are not always officially recognized, depending on the law of a particular country.

Previous studies confirmed that as individuals age, their propensity to volunteer increases (Reed and Selbee 2001; Tiehen 2000). However, this relationship may be curvilinear, as some research suggests that volunteering begins to decline after the age of fifty-five (Chambré 1987; Clary et al. 1996). This decline may be a function of increasing poor health and other factors that pose barriers for the elderly to civically participate. To adjust the dataset to these possible changes, age is represented in both level and squared forms to permit testing for a curvilinear effect on working motivation.

As for the variable gender, Perry's (1997) results indicate that the scores for interest/civic duty and self-sacrifice were likely to be higher for men than for women. At the same time, Chusmir (1986) found no gender effect on commitment to the goals of organization, while Rosenthal (1982) found males more committed than females, and summaries of other research suggesting females are more committed than males (Mowday et al. 1982). Moreover, previous research has proved that women are more likely to volunteer than men (Caro and Bass 1995; Villancourt 1994). Houston (2000) found that individuals who are male are less likely to value meaningful work as compared to women. For this study, I assume that women put greater emphasis on helping others and less on earnings than men.

Since the educational systems vary across European countries, an educational level is operationalized by the total number of years completed. Naff and Crum (1999) found that employees with less formal education tended to be more satisfied than employees who had worked for the government and had completed more formal education. This can be explained with the results from Steer's (1977) study. The researcher found that highly educated people have greater expectation and thus, they are more difficult to satisfy. A college-educated worker has a greater commitment to a profession or trade than to the organization. Greater commitment can be explained by giving greater importance to the meaningful work, which comes with

the educational advancement (Houston 2000). Houston's results (2000) also suggest that the more years of education an individual has, the less importance there is in high income and job security.

Another research conducted by Houston (2006) found the number of children seventeen years of age and younger in a household that influences PSM to be significant. Expanding his approach, this study uses a count variable *number of people living regularly as a member of a household*. Building on a standard *number of children* variable, I assume that in a large family, there is the same set of responsibilities and obligations whether one takes care of small children or elder members of the family, like parents, that live with a person in her/his household. Thus, the *number of people in a household* variable again is broader than a mere *number of children*.

Including a variable *salary as a main source of income* in the model I control for possible volunteering work or any other type of work based on pure altruistic behavior. Having salary as a main income implies a certain fulfilled level of basic extrinsic motivation as a core underlying motivator for any employment.

The model also includes dummy variables for each country that reflect a special set of the individual circumstances for each country. Thus, the study controls for factors among the respondents within a country that do not depend on an individual like gender, age, years of education, number of people in a household, living with partner/spouse or salary as a main source of income.

Two causal models are tested in this study. In accordance with the research question, the first model assumes that being a public employee will have a negative impact on the importance of being rich. The second model assumes a positive sign of the causal relations between being a public employee and the importance of helping others. These are two regression models for each dependent variable:

- $\text{ImpHelp} = \text{Public} + \text{Age} + \text{AgeSqr} + \text{Male} + \text{Partner} + \text{YearsEducation} + \text{MemberHousehold} + \text{SalaryMainIncome} + \text{Cntry1} + \text{Cntry2} + \dots + \text{CntryN}$
- $\text{ImpRich} = \text{Public} + \text{Age} + \text{AgeSqr} + \text{Male} + \text{Partner} + \text{YearsEducation} + \text{MemberHousehold} + \text{SalaryMainIncome} + \text{Cntry1} + \text{Cntry2} + \dots + \text{CntryN}$

## 9. Results and discussion

Table 2 below represents a general summary of the total number of observations. An average respondent in our study is a forty-year old individual with thirteen years of education, working for the private sector and living with a partner and one other person. This average individual feels (1) a little like a person to whom it is important to be rich and who wants to have a lot of money and expensive things; and (2) somewhat like a person to whom it is important to help the people around her/him and who wants to care for their well-being.

An interesting observation is the great variance of the number of household members, which ranges from 1 to 13. However, the mean for this variable is three individuals per household. Age has an interesting range as well, which is from 15 years old through 91, keeping in mind that the sample consists of the people currently employed.

**Table 2**  
Summary of variables

	Observations	Mean	Standard Deviation	Minimum Value	Maximum Value
Public	38,929	0.29	0.46	0	1
Male	38,921	0.50	0.50	0	1
Partner	38,791	0.66	0.47	0	1
Age	38,864	41.61	12.14	15	91
Education Years	38,739	13.59	3.64	0	48
Members of Household	38,922	2.92	1.36	1	13
Important Help	38,929	2.69	1.25	1	6
Important Rich	38,929	3.87	1.33	1	6

A fuller comparison of employee attitudes involves the use of multivariate analysis. Overall, the signs of the coefficients indicate that public employees are more likely to place a higher value on the intrinsic reward of helping others and a lower value on the extrinsic reward of being richer than their private counterparts. Table 3 displays the results for different country groups and the result of the regression run for all observations pooled together. The last two columns show the summary of the results of the ordinary logistic regressions run for each group of countries. Both pooled results and the results for regions considered separately proved the two hypotheses of this study.

**Table 3**  
Ordered logistic regression models estimating effects of the public sector on the importance of being rich and helping others

Country Groups	Number of observations	Important to be rich	Important to help others
Group 1: EU founders	7,271	-0.25*	0.19*
Group 2: EU joined before 2004	12,786	-0.29*	0.25*
Group 3: EU joined after 2004	9,362	-0.27*	0.25*
Group 4: Eastern Europe	2,864	-0.35*	0.30*
Group 5: EFTA	3,347	-0.35*	0.22*
Group 6: Eastern Mediterranean	2,574	-0.18**	0.16***
<b>Total</b>	<b>38,204</b>	<b>-0.27*</b>	<b>0.20*</b>

\*p < .01, \*\*p < .05, \*\*\*p < .10

Since ordered logistic regression is used to estimate the model, a chi-square test is used instead of  $R^2$  to indicate how well the logistic regression model fits the data. We look at the Likelihood Ratio (LR) Chi-Square test that at least one of the predictors' regression coefficients is not equal to zero in the model. In the current study, the model LR chi squares are highly significant, and tell us that affiliation with the private or public sector has a significant relation to the individual perception of the importance of helping others and of being rich and possessing expensive goods.

The signs of all the coefficients received as the result of the regressions confirm the main hypotheses. As for the estimated value of coefficients, the way to interpret results of the table is to look at the ordered log-odds estimates. The numbers in the table are not percentage values, but the ordered log-odds estimates with the sign of causality direction. The estimates in the table allow us to compare public-service employees to private ones on an expected response variable (importance of being rich/helping others), given the other variables are held constant in the model. For example, for the importance of being rich in Group 1 (EU founders), the ordered logit for public employees being in a higher response category is  $-0.25$  less than for employees in private sectors when the other variables in the model are held constant. This means it is less likely for a public employee to emphasize the importance of being rich as compared to a private-sector employee. The coefficients for the importance of helping are interpreted in the same manner. Below there is an elaborated discussion of the results obtained for the independent and control variables as well as tables representing these results.

### 9.1 Helping others

Overall, the results show that public employees find it more important to help others than their private counterparts across all European countries in the study, while controlling for gender, age, years of education, number of people sharing a household, having a partner and having the salary as the main income. For the importance of helping others, the results are very similar with the exception of the lowest results for the EU founders, which in this study are represented by Belgium, France, Germany and the Netherlands. The EU founders have the smallest difference between public and private employees in their desire to help, which is equally less important in and outside of the public sector. Being a public employee in these countries has the weakest additional effect on the desire to help, keeping other factors constant. Possible explanations could be found in the origins of individuals employed in the public sector in Belgium, France, Germany and the Netherlands. The qualitative research is required at this point to create a broad picture of who becomes a civil servant in these countries.

Eastern Europe, namely Russia and Ukraine, has the largest difference between sectors in their attitude to help, which supports the findings of the comparative study of Vandenabeele and van de Walle (2008). In that region, the public

employees differ from their private counterparts more than anywhere else in Europe: being a public employee means giving more importance to helping and caring about others.

**Table 4**

Ordered logistic regression by country group: Importance of helping others ±

Country Groups	Public	Male	Partner	Age	Years of Education	Members of Household
Group 1: EU founders	.19*	-.57*		-.04*	-.01**	
Group 2: EU joined before 2004	.25*	-.42*				.03**
Group 3: EU joined after 2004	.25*	-.47*	.11**	-.02**	.02*	.03***
Group 4: Eastern Europe	.30*	-.23*			.04*	.11*
Group 5: EFTA	.22*	-.63*			-.03*	.06**
Group 6: Eastern Mediterranean	.16***	-.43*			.02***	

\*p < .01, \*\*p < .05, \*\*\*p < .10

± the table reports only statistically significant results

An explanation for this gap could be found in the historical background of these countries. The majority of people working in the public sector in today’s Russia and Ukraine were hired back in the USSR. Consistent with Inglehart’s (1997) scarcity theory, it takes generations to pass by in order to change the values of a society. At that time, being employed in public administration meant not only wider personal connections and easier access to goods and service-delivery networks, but also a chance to actively participate in the betterment of community life through policy-making. In its turn, employment in public-service providers, such as health-care or education, allowed for the realization of “helping-others” motives better than in any other type of industry, for instance production.

With the absence of the independent nonprofit sector during the communist rule, the churches were mainly in struggle for existence not able to perform any community or social work on the great scale. If a person had a desire to participate in actions that benefit community, she/he would look for a position in the public administration or service providing organizations in the public sector, while in Western European countries such people would seek for a job in the nonprofit sector. Today, jobs in public industries have the lowest pay and resemble volunteer work rather than an attempt to increase one’s capital. Therefore, public employees in these countries are expected to have more intentions to help others than individuals working for the private companies. The difference is also supported by the findings

of this study: a public employee in Eastern Europe, namely in Russia and Ukraine, is the most willing to help as compared to public employees in other country groups.

Moreover, a great difference between sectors in the Eastern European group can also be explained by the fact that being a public employee required a stronger feeling of the community imposed through the political party. The explanation of the results can be developed further emphasizing some other cultural factors such as the overreliance of communal over individualistic culture in post-soviet countries and stronger attachment to the parents/family members. The findings indeed show that for this group the number of individuals in a household has a significant positive relation to the desire to help others.

Despite a great gap between sectors, Eastern European countries show the smallest difference between men and women in their attitude towards help. Being a man in Eastern Europe is the least negatively related to the importance of helping others as compared to any other region. The results of this study revealed that “the least caring” men are found in Norway and Switzerland (for instance, 2.5 times less caring than men in Eastern Europe).

Overall, the results for the gender variable are consistent with the mainstream findings (Perry 1997; Mowday et al. 1982). Being a male is significantly negatively related with the importance of helping others keeping other factors constant, meaning in simple words that in spite of becoming more independent, businesslike and earning more across European countries, women still remain more willing to help others than men. That makes helping others – a proxy for compassion – a feminine constituent element of public-service motivation. This finding goes in line with the results of a survey in state health and human service agencies, where Dehart-Davis et al. (2006) found that women score higher on PSM’s compassion dimension.

The most fascinating regression results turned up to be correlations between the importance of helping and the years of education, since the sign of the causality depends on the region. Provocatively, countries with an overall high level of education show that total years of education completed are negatively correlated with the importance of helping, keeping other factors constant. In simple words, the more educated you are, the less it is important for you to help the people around you, and the more individualistic you become. The regression evidence supports it for France, Germany, Belgium and the Netherlands as well as for Switzerland and Norway. In the latter group the expected relation is even two times stronger compared to the first one. In countries that joined the European Union after 2004 (mostly Central and Eastern European) and non-EU Russia and Ukraine, the increase in the total education years completed has a significant positive relation with the feelings of importance of helping. The strongest positive relation is found in Eastern European countries, where it is up to two times stronger than in any other region. Thus, the results of the study suggest that highly educated people not only have greater

expectation and they are more difficult to satisfy (Steer 1977, Naff and Crum 1999), but also become less concerned with the hardships of others.

The regression for the first model also reveals that the number of household members is positively related to the importance of helping. This means that with each additional member of a household, people get stronger feelings of helping and caring, which supports previous theories. The results are significant in most of the country groups: in EU countries that joined before and after 2004, likewise in countries of Eastern Europe and EFTA states. These results are consistent with the initial idea that the more there are individuals that you share your living space with, the more you learn how to care about others.

The results of this study suggest that, overall, age has a negative effect on the importance of helping others, with the significant results for EU founders and countries that joined the EU after 2004. It is consistent with some previous studies, which found that age is negatively correlated with the pro-social acts and with the giving of one's time, suggesting that as a person ages she/he becomes less likely to devote her/his time to helping others (Houston 2006; Taylor 2010). Some studies on volunteering also showed that volunteer activities usually increase only to a certain age, after which they decline (Chambré 1987; Clary et al. 1996).

## **9.2 Being rich**

The second model tested how being a public-sector employee is related to the desire to become rich and to possess expensive things. The regression results for this model strongly support the proposed hypothesis. On average, public employees across all European countries, indeed, value wealth less than individuals employed in private sectors, keeping other factors constant.

The relation is found to be stronger in Eastern European (Russia and Ukraine) and EFTA countries (Switzerland and Norway). The wealth is the least important for the public employees in these countries as compared to others. However, there are different reasons behind these findings. The EFTA's coefficient could be explained by the fact that the difference in salaries between the public and private sectors in Norway and Switzerland are minimal. In this situation, the public-service motivation becomes a key factor when a person chooses between the public and private sectors when looking for a job. Meanwhile, the differences between salaries in the public and private sectors in Eastern Europe are enormous. The finding that Eastern European public employees value wealth and possessing expensive things much less than private employees supports the idea that these individuals are primarily attracted to working for the public sector due to their public-service motivation. They are aware of the low salaries offered by the public sector, but being strongly motivated to help others, nevertheless continue their careers in the public service and administration.

**Table 5**  
Ordered logistic regression by country group: Importance of being rich  $\pm$

Country Groups	Public	Male	Partner	Age	Years of Education	Members of Household
Group 1: EU founders	-.25*	.38*		-.07*		
Group 2: EU joined before 2004	-.28*	.43*	.10**	-.06*	.02*	
Group 3: EU joined after 2004	-.27*	.37*		-.05*	.02*	-.05*
Group 4: Eastern Europe	-.35*	.22*			.07*	
Group 5: EFTA	-.35*	.45*		-.08*		
Group 6: Eastern Mediterranean	-.18**	.26*		-.06*		-.06**

\* $p < .01$ , \*\* $p < .05$ , \*\*\* $p < .10$

$\pm$  the table reports only statistically significant results

Analyses of the control variables in the second model also reveal interesting results. In all studied countries across Europe, being a man is positively related to the feeling of higher importance of being rich, with the strongest perception in Western European countries and Switzerland and Norway – Group 2 (joined EU before 2004) and EFTA countries, respectively. The weakest gender effect on the importance of being rich is found in the Eastern European group, meaning that the Russians and the Ukrainians have the smallest gender difference in the questions of how necessary it is to become rich.

The variable “years of education” revealed a difference between Europe and the United States emphasized in the introduction (Vandenabeele’s essay 2004). In the United States, as Houston’s (2000) study of the General Social Survey suggests, the more years of education an American has, the less important high income becomes for her/him. Contrary to that, in this study, the results of the regression show that the years of education for European countries are positively correlated to the value of personal prosperity. Group 2 (joined EU before 2004), Group 3 (joined EU after 2004) and Group 4 (Eastern Europe) showed the significant results of the correlation. In these countries, the more education you gain the more important it is for you to gain personal richness and possession of expensive objects, with the strongest effect in Russia and Ukraine. A positive correlation goes in line with the logic that education is a major driver of income: a person who spends her/his time on education expects to be paid more in return. Better education is usually associated with the prospects of better job placement. Indeed, as a report on Intergenerational Social Mobility across OECD Countries (2010) reveals, the possibility to move up

or down the income or wage scale is closely related to educational achievement, given the direct link between human capital and labor productivity.

The control variable “age” showed significant results in every country group with the exception of Eastern Europe – Russia and Ukraine. In the remaining European countries, the findings suggest a statistically significant repetitive trend: the older you are the less important you find material wealth. The least important wealth is for the older people in the richest countries in Europe (Group 1 (EU founders) and Group 5 (EFTA)). The findings are in line with previous studies on individual perception of wealth: age decreases the importance of a high income (Houston 2000).

## **10. Conclusion**

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Conducting a multivariate analysis of the survey data collected in 26 European countries, the study contributes to the research literature on the differences between the public and private sectors. It aimed to fill out research gaps in comparative studies of European public-service motivation by expanding the scope with Central and Eastern European and Non-EU countries. Adding to the existing research on PSM in separate Western European countries, and some cross-sectorial comparative studies between the U.S. states or North America and Western Europe, this article turns the focus of academia in the direction of less-studied regions.

Empirical research has addressed the question of whether PSM is a universal concept that characterizes public employees across European countries. The first model showed that for all or almost all country groups, a sector of employment, gender, years of education and the size of a household have statistically significant correlations with how respondents value the importance of helping others. Public-sector employment and additional members in a household tend to be positively correlated and being a male is negatively correlated with the importance of caring about others, meaning that on average, in European countries, public-sector employees tend to be more caring than private-sector employees, individuals with larger families stress the importance of helping others more than ones with smaller families, and men tend to be less caring about others than women. The education level revealed interesting results for different regions. In countries with an overall high quality of education – EU founders and EFTA – additional education decreases the desire to help others, while in the countries that joined the EU later, Eastern European and Eastern Mediterranean countries each additional year of education enhances the feeling of importance of caring about people in your surroundings.

Testing the importance of being rich, the second model revealed that the sector of employment, gender and age are statistically significant for all or almost all country groups, where working for the public sector and aging is negatively correlated with the importance of wealth, and being a male is positively correlated.

In simpler words, across the majority of European countries, people in the public sector tend to be less interested in money than their counterparts from the private sector, men tend to be more money-driven than women, and older people tend to be less interested in enriching themselves than younger people. For a large number of European countries education is positively correlated with the importance of becoming rich, meaning that with each additional year of education, individuals in these countries tend to emphasize personal wealth more.

Due to the comparative nature of the study and the fact that it utilizes secondary data from existing social surveys, it acknowledges typical limitations usually faced by this type of research. Firstly, PSM is measured with the help of proxies, where extrinsic and intrinsic motives are each addressed by only one separate question. Another acknowledged limitation is that belonging to the EU could be considered a rather artificial way to group countries. Yet, one should keep in mind that each regression included country variables that controlled for the peculiarities of each country inside the group. The study is run from the perspective that it is better to know the results and their limitations than to avoid undertaking comparative research on employee motivation.

More important is that the study has reached its main goal and provided unequivocal answers to the research questions: PSM, indeed, occurs in the public sector across different European countries and regions and the results of the study reveal evidence of that. Using descriptive and multivariate statistics, the analyses conclude that there are generalizable and stable differences in the reward motivations of public- and private-sector employees across Europe: PSM equally exists in different European countries, despite the social, cultural, political and administrative differences.

The deeper analyses of the control variables, however, showed that despite PSM's prevalence in the public sector over the private sector, it is also largely determined by sets of demographic factors, such as gender, age or level of education. For example, despite the improvement of the situation with equal pay for men and women and contrary to feminist ideologies that equate male and female personalities, the findings show that in Europe, men remain the ones who care about money and women remain the ones who care about others. Age, in its turn, has a negative effect on stressing the importance of being rich, which comes with the wealth accumulation and saturation in time and/or change of values while a person matures.

Some regions stood out from the rest of the groups. For instance, Eastern European countries show the most extreme results for both questions. This opposes Vandenabeele and van de Walle's (2008) results that showed a low PSM level in Eastern Europe, which they explain by the least exposure to democracy. Thus, the evidence of our research suggests that public-service employees want to help other people more than employees in the private sector, and this gap is the largest in Eastern European countries, namely in Russia and Ukraine. A possible explanation for

these two countries might be that, in general, the societies in both countries mainly represent themselves as collective cultures, as compared to the strong individualistic societies of Western Europe.

Further international research should devote particular attention to cultural meaning and connotations that can distort comparative findings (Kim and Vandenberg 2010). Though hard to measure, the degree of post-modernism and post-materialism among the population of a country might be a useful controlled variable for follow-up studies. Self-actualization might be another interesting independent variable to look at in the context of public-service-motivation theories. A variable to add in the follow-up research might also be the percentage of religious practitioners among the population in the considered countries, which, based on superficial analysis, tends to be higher in new EU countries and countries from the Eastern Mediterranean group. The best option to evaluate variables for their cultural sensitivity, however, is to involve local public-administration experts to evaluate them. Showing statistically significant differences between the public and private sector across Europe, the results of this study provide evidence for the generalizability of PSM in Europe and, thus, encourage continuing PSM research in the least studied regions.

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**Mzia  
Mikeladze  
Best PhD  
Thesis**





# Strategic Human Resource Management in the Public Service: Evidence from Estonia and Other Central and Eastern European Countries<sup>1</sup>

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## Scope and aim

The concept of strategic human-resource management (HRM) has played a key role in management research and practice for the last three decades (Guest 1987; Boxall and Purcell 2011). There are, however, problems that have been largely overlooked in the academic debate, namely what kind of tensions and challenges arise with HRM strategic positioning in the public service in the context of the newly democratic countries (Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia) of Central and Eastern Europe (CEE) which have acceded to the European Union (EU). On the one hand, much of the HRM research so far has focused on private-sector organisations rather than on the public sector (Daley 2006). Therefore, the question of whether HRM contributes to a more professional and better-performing public service remains highly relevant. On the other hand, public-management reforms in new European democracies have already been studied by a number of researchers (e.g. Ridley 1995; Hesse 1996; Verheijen 1998; Drechsler 2000; Beblavy 2002; Boussaert and Demmke 2003; Meyer-Sahling 2004, 2008 and 2011; Nemeč 2008, Randma-Liiv et al. 2011). Yet the HRM component of these reform attempts has not received sufficient academic attention so far. The thesis proposes to make up for both of these deficits by highlighting and

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exploring strategic HRM and some key HR practices within the public services of CEE. Thus, the purpose of this thesis is to extend the strategic HRM argument to the public-service context and conceptualise the mechanisms through which strategic HRM could create value for the public services of CEE.

The main research questions of the thesis are: first, what are the main features and challenges that arise with HRM strategic positioning in the public service, as experienced in Estonia and other CEE countries? What are the main ideas behind strategic HRM both on the micro and macro levels of public service, and how do they appear in HRM practice in CEE? Second, how has strategic HRM evolved in CEE over time – during the post-communist transition and during the Europeanisation process both before and after the accession? Third, what could be the implications for other countries that aspire to join the EU in the future? Are there lessons to be learned from the experience of Estonia and other CEE countries?

Taking into account the developments of the concept of HRM, the thesis suggests three main pillars that constitute strategic HRM. First, HRM emphasises the necessity of integrating HR activities with organisational strategy and with each other (Legge 2005). Second, managers play a crucial role in implementing strategic HRM (Storey 1989; Boxall and Purcell 2011). HR professionals are supposed to design strategically aligned HR systems, which the line managers are expected to carry out. Third, the link between HRM and organisational performance is emphasised (Guest 1997). This is based on the assumptions that HRM elicits commitment from employees and that committed persons perform better and are also more loyal to the organisation (Storey 1989; Boxall and Purcell 2011).

This originally private-sector strategic HRM model can also be adapted to the public service. However, in the context of the public service, it is necessary to make a distinction between the micro and macro levels. The micro level is related to a single public-service organisation, whereas the macro level incorporates the entire public service, which in many countries is considered to be one entity and which is often also regulated by a specific public-service law. The private-sector analogue to that would be a large corporation consisting of more or less autonomous units. The above-mentioned strategic HRM model will apply to the micro level of the public service without considerable modification, but it needs to be modified for the macro level. The three pillars of a strategic HRM model on the macro level (see also Table 1) would then include the following:

- (1) Vertical and horizontal integration of HRM assumes the presence of a public-service-wide HRM strategy (and a respective coordinating institution) as a framework for designing, steering and coordinating micro-level HRM strategies in individual public-service organisations.

- (2) Whereas the micro-level approach postulates line-manager ownership of HRM, the respective macro-level approach assumes ownership and implementation of a central HR strategy by individual public organisations and their leaders.
- (3) In order to improve performance in the public service as a whole, the macro-level commitment needs to be enhanced. It does not only mean commitment to a particular organisation and its objectives but it also entails an overall public-service motivation including public ethics, a desire to serve the public interest and loyalty to the government as a whole (Perry and Wise 1990).

**Table 1**  
Strategic HRM model on micro and macro levels of public service

	Strategic fit	Role of managers	Organisational performance
Micro level (a public-service organisation)	<ul style="list-style-type: none"> <li>• Integration of organisational and HR strategy</li> <li>• Link between organisational strategy and external context</li> <li>• Integration and coherence of HR policies and practices</li> </ul>	<ul style="list-style-type: none"> <li>• Line managers' ownership of HRM</li> <li>• HR professionals as strategic partners to managers</li> </ul>	<ul style="list-style-type: none"> <li>• Importance of public servants' commitment to organisation</li> <li>• Emphasis on individual and organisational productivity and performance</li> </ul>
Macro level (public service)	<ul style="list-style-type: none"> <li>• Fit between public-service HR strategy and external environment</li> <li>• Presence of public-service-wide HR strategy and coordinating institution</li> <li>• Coherence of micro-level HR policies and practices</li> <li>• Fit between public-service HR strategy and internal resources</li> <li>• Shared values of public service</li> </ul>	<ul style="list-style-type: none"> <li>• Top executives' ownership of HRM</li> <li>• Support of political leaders to public-service HR strategy</li> <li>• Strategic role of the coordinating institution</li> </ul>	<ul style="list-style-type: none"> <li>• Importance of public-service motivation, including public ethics and loyalty</li> <li>• Importance of public trust in the public service</li> <li>• Emphasis on public-sector performance</li> </ul>

These three pillars of the strategic HRM model constitute the analytical framework of the thesis. The main body of arguments is developed in the four original articles. Each of the articles has applied a slightly different angle within the theoretic-

cal framework. The common feature of the research, however, has been to describe and explore, through the use of in-depth case studies, some of the key issues of strategic HRM in the public services of CEE, particularly in Estonia. Employing a broad range of information sources has allowed the author to gain insights into dynamic decades of fundamental administrative reforms and an opportunity for some generalisation regarding HR issues in the public services of new democracies.

The research focuses on three distinctive periods of HR policy development in the public services of CEE: (1) institution-building and the introduction of modern HRM during the post-communist transition years of the 1990s; (2) efforts to reform HR policies before accession to the EU in 2004 or 2007; and (3) post-accession developments up to the start of the global financial crisis in 2008.

## **Summary and conclusions**

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The three-pillar model of strategic HRM is the dominating paradigm in theory and organisational practice. Yet there are no straightforward ways of applying it successfully on the macro level, as experienced in the public services of CEE countries which joined the EU in 2004 and 2007. However, this thesis is based on the evidence that, although there are many difficulties and challenges with strategic HRM, a strategic approach in itself is a positive development in order to give a sense of direction and a basis for the establishment of relevant and coherent HR policies. For the public service, a strategic HRM model can provide a unifying and analytical framework which is broad, integrative and contingency-based.

Drawing on the literature and the CEE experience with strategic HRM in the public service, it is demonstrated in the thesis that Western HRM practices have become increasingly relevant in these newly democratic countries. Political, economic and cultural changes during the post-communist transition and Europeanisation have provided a fertile ground for an expansion of the modern Western ideas and the concept of strategic HRM. However, the findings of this research suggest that the general problems of the HRM model are complicated by specific issues related to the developing phase of the countries, such as the poor reputation of the state, political instability, profound institutional changes, chronic resource shortage, sustained materialistic values, deficient coordination mechanisms and insufficient management experience. Thus, HRM is not merely another set of rules but reflects certain fundamental features of the persisting political and administrative system.

CEE provides a unique mixture of unifying and dividing elements. The communist legacy, the immediate post-communist transition process and pre-accession Europeanisation have provided a more unified context for public-service organisations to operate in. Nevertheless, national institutions and individual countries still play an important role in HRM practice. Somewhat different pathways of different countries have appeared particularly during the post-accession period, when

public-service development and the implementation of strategic HRM have been essentially dependent on the domestic factors. The public-service development in the region, however, has not been linear throughout the three distinguished periods of post-communist transition, pre-accession Europeanisation and post-accession modification. During the immediate post-communist transition, institution-building and the introduction of modern HRM took place in CEE, even though there were some variations in the fundamentality and pace of the reforms between the newly independent states and the “old states”. The Europeanisation of HR policies before the accession to the EU could be seen as a period of “project management” in the region, aimed at meeting the EU standards of public-service policy. After the accession, CEE countries have chosen more and more divergent ways of public-service development – there are cases of reform continuation and reorientation, but also examples of reform reversals. Therefore, in the future, it could be more difficult to define a common “CEE trajectory” of public-service developments and implementation of strategic HRM.

As demonstrated in the thesis, a piecemeal approach to public-service development has characterised the region. In the rapidly and radically changing context, organisations tend to deal with HR issues as they emerge, choosing the *ad-hoc* development of HR policies both at the organisational level and across public service. HRM has been generally perceived as an evolving process rather than a conscious design of an effective framework for managing people. The lack or weakness of public-service-wide HR strategies and respective central coordinating institutions has led to a rather fragmented setup of public service HRM in Estonia and elsewhere in CEE. On the one hand, this setup has made it possible to consider specific external factors surrounding each public-service organisation and to carry out major organisational reforms, which required considerable institutional and HR flexibility in the highly dynamic context of post-communist transition and EU accession. On the other hand, the setup has caused an uneven capacity of HRM. Although some public organisations in CEE countries might have a strategic approach to HRM, their adherents can still at best be viewed as “islands of success”, which do not have a substantial effect on the public service as a whole. The failure to understand the strategic needs of public service on the central level has often had the consequence that HR strategic initiatives have been seen as irrelevant.

The thesis also reveals that implementation of the strategic HRM model requires sufficient capacity and competences of different key players of HRM both at the micro and macro levels. The role of top public servants in designing and implementing HR policies cannot be emphasised enough, particularly in the context of fundamental reforms. As a lot depends on the particular persons in HRM systems, it is important to attract and retain the necessary competence. Another critical issue is to develop the competences of HR professionals, not only at the micro level, but also at the public-service level, and to provide the coordinating authority with sufficient capacity and mandate. Moreover, the strategic approach makes new demands

on the skills of line managers, who play a major role in implementing it. Last, but not least, political leadership and support to strategic HRM remains the key condition for progress to be made in the region.

The assessment of strategic HRM in the public services of CEE has implications for the countries that aspire to EU membership in the future. The study provides an opportunity to draw lessons from the transition, pre-accession and post-accession experience of the post-communist countries. Although there are limits to the extent to which findings of the thesis may be generalised to other countries and settings, there are still several practical recommendations and lessons to be learned from the CEE experience.

The first lesson concerns the applicability of the strategic HRM model on the macro level of public service. Based on the experience in Estonia and in other CEE countries, it could be suggested that a strategic framework for managing public servants at the central level is needed. The strategic HRM model is not a panacea, but it may help to address some common issues, such as a lack of shared values, fragmentation, rivalry and uneven quality of HRM within the public services. The framework may also offer a positive contribution to meeting the immediate and future challenges of the public services by introducing a more systematic and long-term approach.

The second implication concerns the strategic fit between a country's HRM model and the wider context in which it is applied. The task for transitional governments is to respond adequately to the distinctive challenges they face in people management.

The third implication concerns path dependency, which is a particularly relevant factor in newly democratic states. It means that institutions, social structures and patterns of behaviour in the present are bounded by what has happened in the past, even though earlier circumstances may no longer apply (Farnham 2010). Once a specific way for HRM development has been chosen (often on an emergency basis and with limited prior analysis), it is very hard to change it afterwards. For the coherent development of the public service, it is necessary to point out more clearly where the organisations' practices should be homogeneous and what the commonly agreed principles of HRM are, building upon a general vision for the development of the public service.

The fourth implication has to do with the implementation gap. There is often a mismatch between the rhetoric of strategic HRM and the reality of its impact and therefore, good intentions can easily be subverted by the harsh realities. The analysis threw some light on the implementation issues of HR strategies. Some of the barriers that appeared in CEE provide lessons for other countries: inadequate assessment of the contextual factors of HRM, development of irrelevant initiatives, execution of one initiative in isolation and failure to ensure the availability of resources. There-

fore, future modernisation efforts in CEE and elsewhere are expected to pay particular attention to implementation issues as well as evaluation.

The thesis also provides a number of avenues for further research. First, while the micro-level HRM in public service has received sufficient attention in scientific literature, the HRM model on the macro level deserves further research. Second, although the relationship between HRM and organisational performance has been discussed in both academic literature and applied organisational settings, the question of whether the strategic HRM approach contributes to a better-performing public service remains highly relevant. The potential impact of HRM on public-service motivation and, hence, on public-service performance that was discussed in the thesis from a theoretical perspective offers interesting opportunities for empirical research. And finally, the effects of the global financial crisis on the public management in general and on public-service HRM in particular, which were not in the focus of the research, require further analysis.

The full version of the PhD thesis is available at [http://www.ttu.ee/public/s/sotsiaal-teaduskond/Instituudid/avaliku\\_halduse/Jarvalt\\_thesis\\_final.pdf](http://www.ttu.ee/public/s/sotsiaal-teaduskond/Instituudid/avaliku_halduse/Jarvalt_thesis_final.pdf)

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# Book Review





## Good, Bad and Next in Public Governance: The Winelands Papers 2012

By Goos Minderman, A. Venkat Raman, Fanie Cloete and Gavin Woods (Eds.). Eleven International Publishing, Netherlands, 2013, vii+284 pp, ISBN 978-94-6236-065-5.

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*Lenka Matejová<sup>1</sup>*

Good governance as a process means fulfilling public affairs and managing public resources democratically, effectively and efficiently. It constitutes cooperation among politicians, civil servants and citizens, shareholders and stakeholders. They jointly change public needs to public value. Transparency, accountability, fairness, participation and ownership must be used in this process.

In recent years, mainly economic crisis has affected principles of governance and approaches to it. Attention is focused on public finance and further its reduction and searching for new trust in the public sector. As the editors of the book find, this trust has come to a historical low point, and the government is always under more pressure to be smaller. There is a broad objective to improve political accountability, transparency, participation, an effective rule of law and flows of information between politicians, public administration and citizens. Also for all these reasons, the concept of good governance became fashionable. It is commonly used and discussed on international, national and sub-national levels of different public-administration systems.

Alongside the new challenges the concept of good governance is facing persistent problems that take on a new dimension in the current “post-crisis” period. There are problem of weakness of liberal democratic governance institutions, state capture and corruption. Actors must find answers to questions about how to create public value in the new “post-crisis” conditions, how to maintain the stability of democratic institutions and how to balance barriers such as corruption.

The book *Good, Bad and Next in Public Governance* seeks answers to the above questions. It analyses what is and is not working in the field of public administra-

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tion in transition and in more developed countries, specifically focusing on good governance and corruption and its impact on the concept of good governance in theory and practice. The book has sixteen chapters, which are based on contributions from the 13<sup>th</sup> Winelands Conference of the School for Public Leadership for the University of Stellenbosh.

The structure of the book is based on the title. The first part is subtitled “*what is good*” and focuses on good governance. The authors analyse good governance as a system of checks and balances between actors in many different forms and within their organisations. They focus on the “new” creators of public values, the alternative for government, such as public-private partnership (PPP), social entrepreneurs or non-profit managers. Although the first part looks at “what is good”, the reality and results are shown critically.

The second part of the book focuses on “*what is bad*” and what is detrimental to good governance. The authors deal with the problem of corruption and combatting corruption in the light of the creation of public values, especially in the countries of Southern Africa. The final section considers the future and new challenges in the relationship between good governance and corruption, thus “*what is next?*”

The book mainly involves empirical chapters. Indeed, they are case studies of selected countries to contribute to understanding particular aspects of the concept of good governance, the impact of corruption on them and new challenges such as the Internet and a rapidly changing world and society. Chapters mainly use descriptive analysis.

Following the initial chapter, Björkamn and Venkat Raman open with the theme of PPPs and its impact on service delivery, especially on health care in India. The paper is a continuation of previous research in 2003–2007, explains how the model has evolved and considers the perspective of the PPP mode of health care in India. It uses extensive research as the next chapter about social housing corporations in the Netherlands by Lindemann and Van Eijck. All authors critically analyse institutional aspects, monitor results and the added public values and the process of its creation, difficulty in proving the performance and the weaknesses of the models.

Karin Glaser provides an even more critical approach to social entrepreneurship and privatisation in Austrian tertiary education, which clearly follows the paradigm of NPM, in the fourth chapter. The author especially discusses equal access to education, participation and the change from government to governance in the Austrian setting. Reputation management is a very important part of governance. In the fifth chapter Arno Geurtsen and Ans Verstraeten analyse aspects which are critical for the public governance of societal organisations. Performance, appearance integrity and competence are involved in these aspects.

Chapter 6 formulates the main components for criteria of Good Public Corporate Governance. It analyses the mechanism based on the steering and control

processes between government and three state-owned enterprises in Switzerland. The authors use interviews to determine how enterprises influence the formal top-down-oriented steering processes. Chapter 7 is not about organisation, but about the creation of public value. Hans Bossert explains how the governance of public-value creation in the sector of the performing arts in the Netherlands is taking shape.

With the eighth chapter, the book turns to looking at what is bad. Tryna van Niekerk provides an overview of international models of transition from corruption to good governance and institutional attempts to fight corruption. In the ninth and tenth chapters the same question is examined but from a different angle. What is the role of rational-choice theory in the issue of corruption? Chapter 9 also examines the criticisms of rational-choice theories as an explanation of rule-breaking behaviour. Emil Kolthof found that the theoretical approach must be combined with criminology, public administration and psychology, and that combination should bring new concepts for the analysis and prevention of unethical behaviour.

Chapter 11 opens the last part of the book – what is next. Leo Huberts reflects of concepts of corruption, integrity and governance and thereafter focuses on the consequences. He argues that for the near future the interest should be broadened from research on corruption towards research on the integrity of governance. For many countries, especially in “weak democracies”, the e-government is still one of the biggest challenges. Chapter 12, by Diana Ishmatova and Anastasia Golubeva, examines the possibilities of the Internet for new generations and how they may interact in political life in Russia by using the Internet.

Alan C. Brent and Mark Swilling explore how values and cultures determine the potential success or failure of research and development. The last two chapters open questions on the future of governance. In Chapter 14 Swilling discusses new strategies and concepts to establish sustainable governance by the dependency on rapidly depleting resources. In Chapter 15 Jouke de Vries and Hidde Onstein pose the question of governance and global challenges.

The book represents a praiseworthy effort and an important source of ideas for researchers, policy makers, officials of public administration and students. It contains a healthy debate on democracy and its development in accordance with the concept of good governance, alternatives to publicly administered service delivery, such as PPP or social entrepreneurship, and the consequent challenge to governance while combating the dynamics of corruption. It is a great contribution to the debate on good governance in different countries and even different continents and a good source for further research.

## **Information for Contributors**

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This part of the paper is to inform about the valuable and potential usability of the aspects and results of the paper for practitioners in public administration and public policy in case it is relevant. It should not exceed 1800 characters (including spaces).

#### ***Keywords***

Few keywords that characterize the topic of the article.

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The introduction should supply sufficient background information on the topic and also provide the rationale for the present study. Suggested guidelines are as follows: (i) the introduction should first clearly present the nature and scope of the problem that was researched; (ii) it should provide an overview of the per-

inent literature used; (iii) it should state the research methodology employed and, if necessary, the reasons for using a particular method.

### ***Core text***

This section depends on the character of the paper. In the case of empirical studies, it should contain an overall description of the topic and present data gathered during the research project. The manuscript should utilise representative data rather than repetitive information. Data that will be referenced several times in the text should be provided in tables or graphs. All data, repetitive or otherwise, should be meaningful. Results must be clearly and simply stated as the section comprises innovative research findings for an international community of academics and practitioners.

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This section presents the researcher's findings and suggestions, if applicable. It should not restate information present in the core section, but may (depending on the type of the paper): (i) point out any exceptions or lack of correlation; (ii) define unresolved issues; (iii) show how the results and interpretations agree (or contrast) with previously published work; (iv) discuss the theoretical implications of the work, and any possible practical applications; and (v) summarise the evidence for each conclusion. The primary purpose of the discussion section is to show the relationships among facts that have been observed during the course of research. The discussion section should end with a short summary or conclusion regarding the significance of the work.

### ***Acknowledgements***

Assistance received from any individual who contributed significantly to the work or to the interpretation of the work and/or outside financial assistance, such as grants, contracts or fellowships, must be acknowledged.

### ***References***

As standard only significant, published and in-text used references should be listed (except for specific cases). Authors should verify all references against the original publication prior to submitting the manuscript.

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Each author should include a short bio – information about her/his position, academic qualification, institution, field of expertise/research etc. An e-mail address for possible requests from readers should also be included. Maximum 500 characters.

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