Three essays on bureaucracy : post-communist context

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THREE ESSAYS ON BUREAUCRACY:

POST-COMMUNIST CONTEXT

ASSEL MUSSAGULOVA

SCHOOL OF SOCIAL SCIENCES

2021

**THREE ESSAYS ON BUREAUCRACY:
POST-COMMUNIST CONTEXT**

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A thesis submitted to the Nanyang Technological University in partial
fulfilment of the requirement for the degree of Doctor of Philosophy

2021

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SUMMARY

This thesis comprises three essays united by a common theme of studying bureaucracy in the post-communist context. These essays use secondary data from several major cross-national studies. Post-communist states represent a unique context for exploring the impact of bureaucracy due to their history of transition from the Soviet-style administration to different styles of bureaucratic arrangements depending on the chosen trajectory. In doing so, however, most of these states retained some of the features of the Soviet-style administration (Houston, 2014; Kotchegura, 2008; Liebert, 2014; Meyer-Sahling, 2006, 2011; Neshkova & Kostadinova, 2012; Roots & Karotom, 2002), as a manifestation of path dependency and the resilient nature of institutions.

The first essay explores the empirical link between bureaucratic characteristics and the quality of public good provision. The overarching framework used in this essay builds on the Weberian model of bureaucracy which is characterised by impartiality, meritocracy, and professionalism. The quality of public good provision is operationalised as the quality of higher education and quality of infrastructure, measured by the World Economic Forum Global Competitiveness Index (2015). The results confirm our hypothesis that bureaucracies that have Weberian features are more likely to provide public goods of higher quality. We further analyse the bureaucratic features in post-communist states and find that the states that are pursuing a policy of rapprochement with the EU are more likely to have bureaucracies modelled after

the Weberian ideal type, while those countries that are in close geographical and economic association with Russia have subpar bureaucratic institutions.

The second essay investigates the empirical link between bureaucratic closedness and national innovation activity. Bureaucratic closedness refers to the insularity and hierarchy found in bureaucracies, which prioritise loyalty and seniority over performance. This is unlikely to be beneficial for innovation outputs as civil servants in such bureaucracies will be more cautious about expressing initiative and might lack creativity and experience gained in other sectors due to limited career mobility. Results confirm our hypothesis on the negative association between bureaucratic closedness and national innovation activity. We further analyse the data on innovation in post-communist states and find that the evidence for this empirical association in former Soviet countries is mixed. It is more likely that the major contributing factor to innovation in the post-communist context is expenditure on research and development.

The third essay aims to understand how bureaucratic features associated with the Soviet-style administration affect intrinsic motivation of public sector employees in post-communist countries. We hypothesise that in the post-communist context public sector employees experience autonomy constraints, associated with the Soviet-style administration, which compromise their intrinsic motivation. Using a multilevel mediation model, we find that the impact of the post-communist context on intrinsic motivation is partially mediated by perceived autonomy fulfilment.

Chapter 1

INTRODUCTION TO THE THREE ESSAYS ON BUREAUCRACY: POST-COMMUNIST CONTEXT

*“Bureaucracy’s reputation in the halls
of academe ... is quite bad ... castigated by
economists, sociologists, psychologists,
political scientists, and even many scholars of
public administration and public policy”*

*Charles Goodsell (2010) “The case
for bureaucracy”*

Introduction

A Google Image search of the word “bureaucracy” says it all about the general attitude towards the concept and what it represents. The images – often satirical – portray bureaucracy as a messy and frustrating Kafkaesque machine run by lazy bureaucrats who are more in love with the process of generating useless new rules than the idea of serving the people. These Internet tropes have been echoed repeatedly in the literature. Specifically, stereotypes such as “lazy” or “clumsy” bureaucracy have long been prevalent in the collective memory of the citizens from their encounters with the government (Kampen et al., 2006; Rölle, 2016). Such routine negative perceptions of bureaucracy are detrimental to the overall political system which needs legitimation from the people (Norris, 2011). This concern, in turn, points to an important theme – a positive attitude

towards bureaucracy – that is essential for securing support for effective and much needed policy changes.

When Max Weber (1947) first offered his structural definition of bureaucracy, using an “ideal type” approach, it had not yet acquired the negative connotations it has today. Weber’s conceptualisation of bureaucracy attempts to rationalise the operation of the state machinery and answer some fundamental questions about power and authority. His main argument is that the bureaucratic coordination of activities is a distinct feature of modern times. This need for coordination emerged from the rise of the modern democratic system, which required distinct bureaucratic structures in place to protect the democracy from the lack of accountability and flexibility characteristic of non-elected civil servants.

According to Weber’s conception of bureaucracy the workings of the state machinery are based on rational-legal authority. Weberian bureaucracy is characterised as “ideal” due to its propensity to enable a structured coordination of government’s actions and planning on a large scale. Olsen (2006) summarises Weber’s conceptualisation of bureaucracy along three distinct lines which are helpful for understanding its essence:

First, it is “a distinct organizational setting, the bureau or office” (Olsen, 2006, p. 2), with a hierarchical order, governed by a set of strict rules. There is a clear division of labour by means of official jurisdictional areas and ordered by laws and regulations. Second, it refers to a body of staff who are appointed based on qualification and merit, given lifelong tenure, and a salary. Finally,

bureaucracy is “a larger organizational and normative structure where government is founded on authority, that is, the belief in a legitimate, rational-legal political order and the right of the state to define and enforce the legal order” (Olsen, 2006, p.3).

There are a number of criticisms levelled at Weber’s ideal-type bureaucracy claiming that inhibiting structural dysfunctions of too much emphasis on rules and regulations, elitism and privilege, and challenges in coordination, communication and adaptation, lead to inefficiency (Barnard, 1968; Merton, 1952). Further, since the late 1970s Weber’s analysis of bureaucratic organisation has attracted criticism under the influence of neo-liberal approaches, such as New Public Management (NPM) (Osborne & Gaebler, 1993), public choice (Ostrom & Ostrom, 1971), and more recently, the discourse on public values (Jørgensen & Bozeman, 2007) and new public service (Denhardt & Denhardt, 2003).

The main criticism aimed at bureaucracy is its rigid *modus operandi*, which is no longer fit for the modern reality that requires flexibility and responsiveness. The impartial nature of bureaucracy has been deemed too insensitive to the special circumstances of individual cases and lacking empathy. According to public choice theory, the key driver of civil servants’ behaviour is self-interest rather than overarching public service ethos and commitment to public interest (Dunleavy, 1991). The above-mentioned arguments reject Weberian bureaucracy either as outdated, rigid and inefficient (Bartels, 2009), or an ideal impossible to achieve (Du Gay, 2000).

Attempts to reappraise Weberian bureaucracy and make a case in support of it have emerged as a response both to the early anti-bureaucracy arguments of Merton (1952) by Friedrich (1952) and Mouzelis (1967), and to the NPM criticisms from Du Gay (2000), Gale and Hummel (2003), Alkadry (2003), and Olsen (2006), among others. The case in favour of Weberian bureaucracy speaks of the complex nature of public administration. Rather than seeing it as outdated, public administration scholars and practitioners should acknowledge its role as “custodian of democratic-constitutive principles and procedural rationality, even if in competition with other institutions embedding competing criteria of success” (Olsen, 2006, p. 18).

While both criticism and defence of the Weberian bureaucracy have the right to existence, the truth is somewhere in the middle. The argument that Weberian bureaucracy is outdated may be premature: “the idea of a single, and now totally obsolete, ancient regime is as implausible as the suggestion that there is now a global recipe which will reliably “reinvent” governments” (Pollitt & Bouckaert, 2004, p. 63). Weberian bureaucracy remains a fixture in the modern public administration scholarship due to its nature as a conceptually pure model which is meant to serve as an analytical heuristic against which concrete bureaucratic patterns can be appraised and analysed. It is used to interpret temporal development, and to reflect on the changing landscape of social reality and its complex relationship with bureaucracy (Bartels, 2009). An illustrative example from practice in this regard is the World Bank’s Worldwide Governance Indicators that assess countries annually against a set of criteria, deeply Weberian

in nature, such as government effectiveness, regulatory quality, rule of law, and control of corruption.

The next section will examine at length the theoretical foundations of and empirical evidence for the impact of Weberian bureaucracy on government performance.

Bureaucracy and government performance

An entire theoretical stream of development economics is dedicated to the impact of institutions on the long-term economic growth and development of nations. Unlike the endogenous economic growth theories which emphasise the importance of national capacity for innovation vis-a-vis the existing resource endowment and the quality of education, institutional economics sees these factors as immediate, but not underlying causes of growth. The seminal work in this regard is by Douglass North (1990) who argues that beyond these factors, the main explanation for the differences in growth between countries lies in their institutional architecture. Where physical infrastructure corresponds to the “hardware” of the economy, institutions are its “software” (Johnson & Subramanian, 2005). Institutions ensure security and mitigate uncertainty associated with economic transactions, thus reducing transaction costs.

A correlate of this approach is discourse addressing the association of bureaucracy with growth and development (Evans, 1992, 1995; Rauch & Evans, 2000). In particular, the impartial, professional, meritocratic, rule-based nature of Weberian bureaucracy makes it a benchmark against which bureaucratic

structures are measured. However, a comparative outlook on how different bureaucratic features may produce different outcomes has only started to emerge recently (Olsen, 2006; Wollmann, 2001). The pioneering effort in this regard is by Rauch and Evans (2000), who studied Weberian bureaucratic components in thirty-five developing countries, building on Weber's (1947) "rational-legal" model of public administration, and demonstrated that a professional bureaucracy is positively associated with bureaucratic performance. The key characteristics of a Weberian bureaucracy include meritocratic recruitment through competitive examinations, strictly defined criteria and procedures for hiring and firing civil servants rather than politically motivated dismissals and appointments, and filling top positions from an internal pool of candidates.

The nature of recruitment and promotion mechanisms in Weberian bureaucracy contribute to overall state performance according to Evans (1995). Competitive entrance to the bureaucracy based on the results of an aptitude test creates a pool of civil servants who are well-equipped with the requisite knowledge and skills. At the same time, a system of internal promotion signals job stability, which in turn contributes to a stronger *esprit de corps*, essential for better communication and enhanced effectiveness. A more tight-knit body of civil servants is also more likely to adhere to an internal code of ethics. Performance is managed based on the output and results rather than commitment to political ideology and affiliation with an in-group, elevating overall commitment to better performance.

Effective Weberian bureaucracies have the ability to create conditions that alleviate poverty (Henderson et al., 2003), as evidenced by data on income poverty for 29 low- and middle-income countries. A high degree of the “Weberianness” of the bureaucracies sends out a signal of bureaucratic competence, and cleanliness in the rank, contributing to growth directly, as well as indirectly through the enhanced effectiveness of public expenditure and allocation of resources (Henderson et al., 2003).

Among the voices in support of bureaucracy are those by Rothstein and Teorell (2008) who make a case for bureaucratic impartiality as the measure of the quality of government. By rebuffing criticism from several theoretical domains, including public administration, they go on to compare impartiality to other conceptualisations of the quality of government: democratization level, the rule of law, and efficiency. Their main argument is that in place of new institutions, new normative constructions are needed to achieve good governance, and impartiality of bureaucracy may be the much-needed framework that could replace the multitude of anti-corruption measures implemented with little effect.

Nistotskaya and Cingolani (2016), in their study on the determinants of regulatory quality and entrepreneurship, uncover the conceptual link between recruitment based on merit and tenure protection, and the extent of influence of politicians on decisions and actions of bureaucrats. Drawing on the insights of the principal-agent theory and using the example of patronage and other types of “at will” personnel systems, they argue that meritocratic recruitment and tenure protection shields bureaucrats from potentially unethical preferences of the

political management (Nistotskaya & Cingolani, 2016). Similar findings have been demonstrated in a study by Charron et al. (2016), which show the empirical connection between bureaucratic impartiality and independence from the political principal, along with corruption risks in awarding procurement contracts in Europe.

In their book on the effect of government structures on good governance, Dahlstrom and Lapuente (2017) propose that the key feature of effective institutional design is the degree of separation of politicians' and bureaucrats' career paths. They argue that politicians and bureaucrats when completely divorced, have incentives to “monitor each other's behaviour in an embedded system of mutual checks and balances” (Dahlstrom & Lapuente, 2017, p. 30). In a separated system, a bureaucrat is more likely to blow the whistle on the corrupt behaviour of a politician without the fear of retaliation and repercussions for their career.

Similarly, Suzuki and Demircioglu (2019) found a statistically significant correlation between professionalism and impartiality of public administration and innovation outputs, thus providing an explanatory framework for cross-national differences in innovative activities focussing on the potential association of innovation with bureaucracies that are free from political control and exercise power impartially (Suzuki & Demircioglu, 2019, p. 756).

The evidence accumulated in academic scholarship on the empirical association between Weberian bureaucratic characteristics and a number of important economic and social outcomes supports Olsen's (2006) argument in

favour of reappraisal of Weber's conceptualisation of bureaucracy and demonstrates its value as example *par excellence*. It may also have important implications for developing countries with transitional economies, as they continue their search for more feasible solutions to the challenges of sustainable national development. With this knowledge in store, a line of inquiry that merits attention is the value of the Weberian bureaucracy heuristic in a non-Western context which has not adopted the ideal-type bureaucracy as a model until very recently and the extent of its impact on development in such a context.

The former Soviet Union represents a unique example of this nature. Fifteen former Soviet states spent seventy years in a distinctly non-Weberian bureaucratic setup and are currently actively pursuing reforms aimed at streamlining bureaucratic institutions to achieve some form of resemblance to their inherently Weberian Western corollaries. The former Soviet Union remains one of the most under-explored regions in public administration research. This is a major oversight since the region features some key global players and has geopolitical, economic, and cultural significance both regionally and globally.

The next section will discuss the context of the research pursued in this thesis, which is instrumental for developing a more nuanced understanding of the way in which bureaucracy has evolved in the post-communist context.

Bureaucracy in the Soviet Union

Even at the most superficial level, the analysis of the Soviet bureaucratic system shows that it deviated considerably from the Weberian ideal-type

bureaucracy. There are at least four several important points of departure from the Weberian bureaucracy.

First, there was a lack of clear distinction between politics and administration (Verheijen, 2007), whereby bureaucrats were the servants of the ruling party rather than the safeguards of public interest (Bercik & Nemec, 1999). The lack of a clear politics-administration dichotomy (Wilson, 1887) translated into the highly personal nature of decision-making, often based on political judgement rather than rules and regulations (Churchward, 1975), whereby party officials were able to interfere with daily administration at will (Pakulksi, 1986).

Second, personnel management required political allegiance to the Communist party from the bureaucrats. Party membership was a pre-requisite for the climb up the career ladder to the upper echelons of state administration (Kotchegura, 1999; Meyer-Sahling, 2004). Those loyal to the party and its ideology were selected into the ranks of *nomenklatura* for the purpose of further promotion and inculcation of party values preparing them for the uppermost level positions (Meyer-Sahling, 2004). Rigby (1982) mentions the commonplace patronage practices inextricably linked to the *nomenklatura* system of appointments. This stands in contrast to the Weberian idea of an impartial, professional bureaucracy characterised by merit-based selection and separation from the political domain (Goetz & Wollmann, 2001). The Soviet approach to appointments in the civil service facilitated the creation of a relationship with an uneven power dynamic between the job-giver (politician) and the job-receiver (bureaucrat) from the very beginning of the latter's career which compelled the

bureaucratic employee to be highly responsive to the preferences of the politician (Blunt et al., 2012). König (1999) labels the result of this marriage of convenience between politics and administration “trained incompetence” (p. 8).

The third prominent feature of the communist bureaucracy was the lack of commitment to rules and procedures in favour of pursuing political goals (Goetz, 2001). A number of authors argue that the resultant administrative culture that developed lacked a distinct public service ethos (Goetz, 2001; Houston, 2014; Kotchegura, 1999). Administration was part and parcel of a control system designed to prevent dissent and uphold order, rather than serve the needs of the society at large. High responsiveness to the demands of the communist party was in stark contrast to the lack thereof to the needs of the citizens (Baker, 2002), which contributed to the image of a bureaucrat as an indifferent, corrupt servant of the communist party, intolerant of creativity and dissent (Baker, 1994, p. 55; Kotchegura, 1999), rather than a “public servant”.

Another major divergence from the Weberian bureaucracy in the Soviet civil service was the prevalence of discreetly encouraged semi-legal and outright illegal corrupt activities (Darden, 2008; Knox, 2008) that has been inherited by the Soviet Union’s successors. The collapse of the Soviet Union and subsequent independence of its members in 1991 may have eliminated traditional forms of corruption, but market reforms had given rise to the new forms of graft, including the transfer of wealth through the disorderly privatisation of the most attractive industries by those closest to the managing elites (Mishler & Rose, 2001).

The next section looks at the trajectories of national development in general, and the evolution of bureaucracy in particular, in the post-communist context.

Bureaucracy in the post-communist context

A seventy-year-long existence of the Soviet Empire made history by leaving behind fifteen independent nations of the former Soviet Union and several states of the Eastern Bloc in Europe to fend for themselves with whatever resources were left after the collapse of the great power. For some countries, such as Azerbaijan and Kazakhstan, natural resource exports created an opportunity for economic growth but also enabled pervasive corruption. The Baltic states of Estonia, Lithuania and Latvia underwent dramatic transformations by joining the European Union (EU), adopting Western political and administrative models along with European values, while other countries, such as Armenia and Tajikistan, struggled to prosper in the post-Soviet era, with both the social and political developments staggered due to the collapse of the Soviet Union.

Table 1.1. is a summary of resource endowment in fifteen former member countries of the Soviet Union and seven countries of the former Eastern Bloc in Europe, expressed through physical area and population, as well as key development indicators, such as wealth, income classification and human development. The countries of former Yugoslavia, which was also a part of the Eastern Bloc in Europe, are not included analysed withing this thesis because it

is very challenging to isolate the effects of the civil conflict on the overall national development.

Table 1.1. Development in post-communist countries

Country	Area	Population	PPP per capita (US\$)	World Bank income classification	Human Development Index
Former member countries of the Soviet Union					
Armenia	29,743	3,024,100	9,178	Upper-middle	0.755
Azerbaijan	86,600	9,477,100	16,011	Upper-middle	0.757
Belarus	207,600	9,765,469	17,742	Upper-middle	0.808
Estonia	45,339	1,313,271	30,991	High	0.871
Georgia	69,700	4,490,500	10,152	Upper-middle	0.780
Kazakhstan	2,724,900	17,186,000	24,378	Upper-middle	0.800
Kyrgyzstan	199,945	5,895,100	3,447	Lower-middle	0.672
Latvia	64,562	2,005,200	26,347	High	0.847
Lithuania	65,300	2,944,459	31,065	High	0.858
Moldova	33,843	3,550,900	6,490	Lower-middle	0.700
Russia	17,098,246	146,880,432	24,791	Upper-middle	0.816
Tajikistan	143,100	8,160,000	3,061	Low	0.650
Turkmenistan	491,210	5,240,000	17,129	Upper-middle	0.706
Ukraine	603,628	45,377,581	7,907	Lower-middle	0.751
Uzbekistan	444,103	30,492,800	6,240	Lower-middle	0.710
Former members of the Eastern Bloc in Europe					
Albania	28,748	2,882,740	12,306	Upper-middle	0.785
Bulgaria	111,002	7,051,608	19,321	Upper-middle	0.813
Czech Republic	78,865	10,665,677	33,436	High	0.888
Hungary	93,028	9,707,499	28,243	High	0.838
Poland	312,696	37,921,592	28,752	High	0.865
Romania	238,397	19,506,114	24,544	Upper-middle	0.811
Slovak Republic	49,037	5,453,014	31,326	High	0.855
<i>Source: UNDP (2019); UN DESA (2019); World Bank (2019a; 2019b; 2019c)</i>					

As the data in Table 1.1. demonstrates the biggest and most populous countries are not the most developed as conventional wisdom might have it. Thirty years after the Soviet Union collapsed, its successors have chosen very different paths, and the level of their current social and economic development is uneven at best. The natural resource endowment does not automatically translate

into national wealth either – Russia and Kazakhstan are both resource-rich, but so is Uzbekistan, one of the poorer development performers in the region. Many factors have contributed to this, including their starting position during Soviet times, the nature of economic reforms, political system and leadership, inherited infrastructure, quality of human capital, and many others (cf. Acemoglu & Robinson, 2012; Landes, 1998; Kennedy, 1987; North et al., 2009). As demonstrated in the previous section of this chapter, bureaucracy matters for development.

The communist bureaucratic legacy is often regarded as universal (Jowitt, 1992) due to the heavily centralised political and economic architecture of the Soviet Union, with its one-party system and administrative command economy (Offe, 1991; Przeworski, 1991). These shared characteristics led to an emergence of a similar administrative culture in post-communist countries, closely modelled after their predecessor, and commonly regarded as an obstacle to overcome (Roots & Karotom, 2002). Since independence, the majority of post-Soviet countries have made considerable efforts to overhaul their civil services and bring them closer to the Weberian rational-legal model, although the success of these reforms is somewhat uneven across the region. The dominance of the New Public Management (NPM) discourse in most of the developed world has given impetus to similar reforms in developing nations, including post-communist states (Allen, 1999; Baranov, 2012; Knox, 2008; Larbi, 2006; McCourt, 2002; Randma-Liiv, 2008; Tambovtsev, 2004).

However, some of the issues described above continue to loom large in many post-communist countries since independence. Overall politicisation of the civil service remains a substantial problem in some post-Soviet countries (Dimitrova, 2010; Grzymala-Busse, 2007; Meyer-Sahling & Mikkelsen, 2016). Even as the effort is taken to professionalise the civil service and enforce merit-based recruitment, the possibilities of circumventing competitive recruitment find their way into the legislation (Meyer-Sahling, 2011). Corruption is a major problem in ten out of fifteen former Soviet states, which feature in the bottom half of the 2017 Corruption Perceptions Index (Transparency International, 2018) ranking from 107 (Armenia) to 167 (Turkmenistan) in the 180-country strong index. Darden (2008) argues that corruption emerged as an alternative to a dysfunctional administration and acts as a system of rewards in lieu of actual salaries which are very low, and, in addition, serves as a mechanism aimed at reinforcing hierarchical control (Darden, 2008).

Turning to specific countries as cases may provide an interesting insight into the pace and success of civil service reform in the region. For example, when Kazakhstan initiated a major administrative reform, some commentators argued about the need to go beyond international best practices (Janenova & Knox, 2017) to achieve fundamental change. Emrich-Bakenova (2009) examined the stages of civil service development in Kazakhstan in an effort to evaluate the degree to which it was politicised, particularly in the areas of selection, remuneration and promotion. She concluded that while the goals of creating a meritocratic, professional civil service were in place, “each step forward has also had a

counterbalancing element undermining the very same objectives of merit, professionalism and stability” (Emrich-Bakenova, 2009, p. 739).

In a review of the reform journey since Kazakhstan’s independence, Oleinik et al. (2015) argue that in spite of the seemingly drastic overhaul of the public management system, the reforms have not led to tangible changes in the quality of governance. In the same vein, Janenova and Knox (2017), in their analysis of the civil service reform in Kazakhstan argue that the country simply adopted structural changes without substantially reforming the practices. This has led to “empty mimicry”, effectively decoupling civil service form from function (p. 422).

Similar research has been conducted on Kyrgyzstan (Liebert, 2014) and Russia (Barabashev & Straussman, 2007; Kotchegura, 2008). The common conclusion in all of these studies is the formalistic nature of reform and the significant imprint that the Soviet administrative tradition had left on the bureaucratic institutions and their quality in countries-successors.

By contrast, analysis of reforms in Georgia (Rinnert, 2015) Estonia (Randma, 2001), Lithuania, and Latvia (Dimitrova, 2005; Meyer-Sahling, 2004; Palidauskaite et al., 2010; Vanagunas, 1999) highlight how disadvantages of small size, limited natural and human resources, and in the case of Georgia, lack of political trust in the leadership inherited from the Soviet Union, have been capitalised on and have spurred economic development and innovation. Similarly, countries of the former Eastern bloc in Central and Eastern Europe (CEE) have made significant progress in shedding old bureaucratic structures and

bringing their civil service systems closer to the Weberian heuristic. Some argue that the success of civil service reform in the CEE countries is the result of their susceptibility to policy conditionality, developed in the period of pre-accession to the EU period. The development of professional, and politically neutral civil service systems was the central administrative capacity requirement for EU accession (Dimitrova, 2002).

A commonly cited reason for the subpar performance of post-communist countries in their efforts to shed their communist-era bureaucratic legacy, is their failure to accord the same priority to bureaucratic reform as that given to the overhaul of political and economic institutions (Neshkova & Kostadinova, 2012). Most post-communist states did not adopt new civil service laws outlining the new structure and goals of civil service aiming for merit selection and depoliticisation until the late 1990s or early 2000s. Even when adopted, these laws suffered from poor design or implementation issues and have failed to provide the impetus for change as their initiators hoped they would (Nunberg, 1999; Meyer-Sahling, 2004). This is further exacerbated by the fact that most reformers had to work in the context of clunky public administration systems inherited from the communist regime, which consisted of bureaucrats largely averse to change (Baker, 2002). In addition, when pressured into reform by external bodies, such as the Organization for Economic Cooperation and Development (OECD), the World Bank, and the United Nations Development Programme (UNDP) in exchange for funding and other forms of support,

countries often resort to isomorphic mimicry rather than genuine reform (Brinkerhoff & Brinkerhoff, 2015).

Additionally, as argued by North (1990) institutions are lasting and self-reinforcing, and bureaucracies are not an exception – their organizational culture is also difficult to change (Mickiewicz, 2010). Some authors argue that this slow pace of reform will persist until generational change occurs due to its embeddedness in the lives and minds of the people (Roots & Karotom, 2002). Consequently, the cosmetic changes that have been undertaken, such as the adoption of laws and other formal institutional changes, failed to become a catalyst for powerful behavioural changes in post-communist countries, for example, the development of a strong public service ethos (Roots & Karotom, 2002).

Some of the above examples demonstrate that the legacy of the Soviet Union may have been “stickier” than expected in the post-transition period with civil service reforms often characterised by a superficial “form” over “function” approach. This mimicry of legalistic meritocracy is therefore not expected to contribute much to government performance. Instead it diverts resources to the maintenance of the facade of a well-functioning state.

The scope of this thesis

Despite the relative progress in scholarly attention, empirical evidence on the character of bureaucracy and its impact on important national outcomes in the

post-communist context remains scarce and fragmented and the results are inconsistent, with most countries in the region receiving only marginal academic coverage and the majority of attention given to the former Eastern Bloc countries in Europe (Meyer-Sahling, 2009, 2011; Meyer-Sahling & Mikkelsen, 2016; Verheijen, 2010). The bulk of research efforts on post-communist development to date has explored economic structure and performance (Abazov, 1999; Mandel & Humphrey, 2002; Miller & Klobucar, 2000; Sievers, 2013) or political regimes and ideologies (Crotty et al., 2014; Evans et al., 2006; Mykhnenko & Swain, 2010; Smith, 1999); national culture and identity (Ledeneva, 2006; Oushakine, 2000); and social development (Collier, 2011; Field, 2000; Funk & Mueller, 2018).

In addition, it seems that relatively few cross-country studies on bureaucracies rely on a comparative approach¹ (Brewer, 2004; Knack & Keefer, 1995; Mauro, 1995; Rodrik, 1999; Van de Walle, 2005). It is quite surprising given the availability of international ratings on institutional effectiveness, including bureaucratic quality, which allow for a rigorous cross-country comparison. This is in line with Brewer, Choi and Walker's (2007) argument that most research on governance and national performance is limited to individual countries as case studies, resulting in an outlook which is limited in scope and allows for little generalisability to other settings or countries (p. 200). Lee and Whitford (2009) further criticise the field by pointing out that the majority of

¹ Almond (1966) argued that comparison is "the very essence of the scientific method" (p. 878), while Dahl (1947) proposed that comparison as a method of inquiry elevates the status of public administration as a discipline.

public administration and public policy studies are “limited to select countries usually from the developed world” (p. 250) (see also Van der Wal et al., 2020).

Indeed, only a handful of studies on the bureaucratic institutions and their impact on government performance appear to cover post-communist countries (Brewer et al, 2007; Lee & Whitford, 2009; Nistotskaya & Cingolani, 2016; Rauch & Evans, 2000; Schuster, 2017; Walker & Brewer, 2008). Often, post-communist countries are grouped with other developing or transition nations for comparison, without accounting for their specific development trajectory. The piecemeal nature of these studies combined with a lack of a comparative angle within the post-communist region lends little to the conversation on what institutional reforms should be pursued by governments of these states and how their bureaucratic quality should be improved. Taken together, it is worthwhile conducting a cross-country comparison to unveil the link between bureaucratic institutions and national performance in post-communist states.

The main research question that this thesis seeks to answer is:

“Is there an empirical link between certain characteristics of bureaucracies in post-communist states and the important components of government performance in these states?”

Central to this thesis is the conceptualisation of bureaucracy as professional, full-time administrative staff (Olsen, 2006), and one of the core principles of a Weberian bureaucracy, namely the separation of the political

domain from the administrative branch. This idea is the foundation of the Northcote-Trevelyan Report (1853), which is hailed as the authoritative text on meritocracy in the government (Mouritzen & Svava, 2002, p. 3). The key characteristics of Weberian bureaucracy – meritocracy, tenure, and impartiality – are manifestations of the aspirational politics-administration dichotomy, and are key to this thesis.

In this thesis we use “government performance”, “development” and “outcomes of development” interchangeably. There is a rich body of literature on the measurement of government performance and the various dimensions of national development. Earlier in this chapter we demonstrated how post-communist states diverged in their development by utilising global rankings and measurements of development produced by international organisations such as the World Bank, United Nations Development Programme, among others. For the purpose of this thesis, we rely on a narrower operationalisation of government performance. In the first essay, we operationalise government performance as the quality of public good provision which is one of the key functions of the government. In the second essay, we are interested in the innovation dimension of government performance which is a key component of competitiveness and economic development (World Economic Forum, 2019). The third essay relies on the finer details of government performance by zooming in on the individual motivations of public sector employees.

This thesis is written in the form of three essays, each dedicated to a separate research objective with the aim of bridging a specific gap in the public

administration scholarship. In answering the research question the three essays rely primarily on three theoretical frameworks – the Weberian conception of bureaucracy, principal-agent problem (Jensen & Meckling, 1976), and politics-administration dichotomy (Wilson, 1887).

First essay

Functioning effectively and efficiently and providing high-quality public services to citizens is the *raison d'être* of government institutions (Denhardt & Denhardt, 2000; Hartley & Allison, 2000; Niskanen, 2017). Quality of public services, such as healthcare, education and infrastructure are often used as proxy variables to assess government performance (World Bank, 2019d). These metrics are a convenient way to both evaluate the performance of a standalone country government, as well as place it in the global context through comparison with other nations. Post-communist countries feature in different government performance rankings; however, their respective positions are often placed very far apart. The aim of the first chapter is to evaluate the empirical link between bureaucracy and government performance, as measured by the quality of public goods provided by the governments in post-communist states. The key aim is to find out whether cross-national differences in the government performance of post-communist countries can be explained by different types of bureaucracy (Rauch & Evans, 2000).

Second essay

The ability to innovate is essential for development (Verspagen, 2005), and productivity (Mortensen & Bloch, 2005). Earlier research efforts have considered various factors of cross-national variations in innovation outputs, such as culture (e.g., Hofstede's cultural dimensions), economic development, education, and various governance characteristics including government effectiveness, regulatory quality, corruption, and political system. The aim of the second chapter is to examine the empirical link between bureaucracy and national-level innovative activities. Further, the chapter will attempt to explain cross-national variation in national innovation of post-communist countries using the perspective of divergence in bureaucratic characteristics.

Third essay

The final part of this thesis will explore perceived autonomy fulfilment and intrinsic motivation of current public sector employees in several post-Soviet countries with an aim of establishing whether national context plays a role in intrinsic motivation of individual employees. The main objective is to analyse the data on employee autonomy and intrinsic motivation, in order to build an argument around the nature of the Soviet-style administration prevalent in some post-communist countries today and how it may affect intrinsic motivation. The main theoretical framework of self-determination theory (SDT) will be instrumental in developing our hypotheses.

Conclusion

This introductory chapter has outlined and discussed the context for this thesis and its main research question. The contribution of this chapter to the overall research question is systematically exploring the literature on the empirical link between Weberian bureaucracy and government performance, as well as the unique nature of the Soviet-style administration, and post-communist development. To this end, this chapter explored several areas: 1) the association between Weberian bureaucracy and government performance; 2) the structure and main characteristics of bureaucracy in the Soviet Union and in the post-communist context; 3) the divergence of development in the post-communist region and the civil service reform efforts undertaken to various degrees of success; 4) the underexplored impact of bureaucracy on the diverging development paths of post-communist states. The post-communist context was chosen as the context intentionally due to the richness of factors that contributed to national development in the region despite similar initial starting points and associated challenges.

The modelling approaches used in this thesis are heavily reliant on quantitative data. The first and second chapters use ordinary least squares regressions, while the last chapter uses multilevel mediation analysis to understand how country-level variables affect individual-level motivations.

The following sections represent empirical chapters of this thesis using Quality of Government Institute data as well as several national level

performance indicators and survey data. This thesis ends with a brief summary of findings, limitations and a discussion of avenues for future research.

Chapter 2

ESSAY 1: BUREAUCRATIC PROFESSIONALISM AND QUALITY OF PUBLIC GOOD PROVISION

Introduction

The impact of effective bureaucracies on national development is rarely acknowledged, while the criticism levelled at the negative impact of inefficient bureaucratic structures is ubiquitous. The rhetoric of New Public Management (NPM) (Osborne & Gaebler, 1992) perspectives on public choice (Ostrom & Ostrom, 1971), and more recently, public values (Jørgensen & Bozeman, 2007) and new public service, which emphasises serving citizens rather than controlling the society (Denhardt & Denhardt, 2003), all find fault with bureaucracy and how red tape, inefficiency and rigidity, associated with bureaucratic structures, hamper national development and performance.

However, the last decade has seen a rise in efforts aimed at the reappraisal and exoneration of Weberian bureaucracy (Dahlström & Lapuente, 2017; Evans & Rauch, 1999; Fukuyama, 2013; Olsen, 2008; Painter & Peters, 2010b; Rauch & Evans, 2000). In an ideal bureaucracy, originally conceptualised by Max Weber in 1947, civil servants are recruited based on merit, are impartial in their conduct, and independent from the political principal's will. An increasing body of scholarship recognises the significant impact of bureaucracy on policy design and implementation, lending empirical support to the association between bureaucracy and a large array of socioeconomic outcomes. However, the following questions still seem to be underexplored: do countries outside of the

long-standing Weberian tradition of public administration perform worse on account of practising different forms of government operation? Does their national development suffer from adherence to an administrative tradition, sometimes diametrically opposite to Weberian bureaucracy? Can bureaucracy explain cross-national variation in government performance?

Post-communist countries represent an intriguing context in which to search for answers to these questions. Twenty-nine years since they gained independence after the collapse of the Soviet Union, the countries of the region display considerable divergence in national development. The Baltic states of Estonia, Lithuania and Latvia – the successor states of the Soviet Union, as well as virtually all countries of the former Eastern Bloc in Europe, with the exception of Albania, are members of the EU. Their economic performance is a success story: Poland became the first post-communist country graded as a developed economy in 2019 (Financial Times and Stock Exchange, 2019). The Central Asian country of Tajikistan, on the other hand is one of the poorest, featuring in the bottom quartile of most development rankings (International Monetary Fund, 2019; World Bank, 2019). Despite sharing institutions and a period of history from 1922 to 1991, the centralised nature of the Soviet Union's one-party rule system and command economy have made it such that post-communist states have very little in common with each other.

Various perspectives on post-communist development have proliferated in the past decade. Academic efforts have been dedicated to exploring the role of economic policy (Abazov, 1999; Mandel & Humphrey, 2002; Miller & Klobucar,

2000; Sievers, 2013); political regimes and ideology (Crotty et al., 2014; Evans, Henry, & Sundstrom, 2006; Kitschelt, 1999; Mykhnenko & Swain, 2010; Smith, 1999); national culture and identity (Ledeneva, 2006; Oushakine, 2000); social structures (Collier, 2011; Field, 2000; Funk & Mueller, 2018), and so forth. *Inter alia*, our interest in this study is in line with the core tenets of the institutional theory of economic development (Acemoglu & Robinson, 2012; Easterly & Levine, 2003; Hall & Jones, 1999; Knack & Keefer, 1995), which posits that quality of institutions is significantly correlated with economic prosperity.

Accordingly, this study aims to investigate the impact of bureaucracy on the national development divergence in the post-communist context. In this study, we test the claim that countries, which chose to model their bureaucratic institutions after the Weberian blueprint, are better performers in one of the proxy measures for government performance, that is, the quality of public good provision, as expressed in infrastructure, and education (H1). We further propose that the success of such reforms is associated with the geopolitical choices that these countries made post-independence (Ademmer et al., 2016) as well as spatial considerations (Kopstein & Reilly, 2000; Libman & Vinokurov, 2018; Roberts, 2017). Those nations which joined the EU or are pursuing a strategy of rapprochement with the EU are more likely to have effective bureaucracies, while countries in close geographical proximity, economic interdependence and political association with Russia, have subpar bureaucratic institutions (H2).

It is also notable that this study employs both the quality of infrastructure and the quality of higher education and training, as proxies for government

performance due to their widely acknowledged contribution to economic growth. In particular, there is a general understanding that infrastructure underpins numerous facets of social and economic development (Aschauer, 1993; Canning & Pedroni, 1999; Esfahani & Ramírez, 2003; Munnell, 1992). A variety of civil infrastructure projects have played a vital role in overcoming some of the most pressing policy challenges: poverty, food security, utility supply (e.g., gas, water), climate change, economic turbulence, and so forth. In addition, the public education system has long been the backbone of any economy and is a focal point of knowledge accumulation and application, contributing to economic prosperity and development by fostering innovation and building essential skills (Becker & Lewis, 1993; Keller, 2006; Resnik, 2006).

In this study, the two hypotheses are tested based on cross-national datasets of bureaucratic characteristics from the Quality of Government Institute (QoG) Expert Survey (Dahlström et al., 2015), Global Competitiveness Report (Forum, 2014), Varieties of Democracy (V-Dem) project (Coppedge et al., 2017) and Corruption Perceptions Index by Transparency International (2015). Findings suggest that: (1) there is a strong and positive association between bureaucratic professionalism and higher quality of infrastructure, and higher education and training, when controlling for other confounding variables; (2) post-communist countries which joined the EU or are hoping to become a member in the future, who are also in close proximity to the EU, display higher levels of bureaucratic professionalism than their counterparts that chose a policy of alignment with Russia, and are geographically close to Russia.

This study contributes to the existing scholarship in three distinct ways. The first contribution is to a growing body of empirical studies that examine the impact of bureaucracies on important national outcomes. This is achieved through the examination of a previously unstudied association between bureaucratic characteristics and the quality of public good provision. Second, this study provides additional insight on post-communist development by zeroing in on the reasons behind divergence in government performance, and further, in bureaucratic professionalism, which extend beyond the sheer presence of reform efforts. Third, this research aims to expand on the existing body of literature concerning the importance placed on context in comparative public administration research (Meier et al., 2017; Suzuki & Demircioglu, 2019).

This chapter is structured as follows: first, we present the theoretical framework for this study, highlighting how characteristics of a bureaucracy are associated with public good provision; followed by theoretical perspectives on varying degrees of reform success in the post-communist context. The next section elaborates on the data and methodology utilised in this study, followed by findings and discussion. In the conclusion, we highlight the implications of our research, as well as the limitations.

Theoretical framework

Bureaucratic professionalism

This chapter focuses on one of the core tenets of Weberian bureaucratic model: professionalism. Bureaucratic professionalism refers to the extent to

which meritocracy is upheld in the bureaucracy, as well as the degree of politicisation of personnel-related decisions (Cornell & Lapuente, 2014; Nistotskaya & Cingolani, 2016; Suzuki & Demircioglu, 2019). Thus, a higher level of bureaucratic professionalism would manifest in a system where recruitment is conducted based on criteria such as professional qualifications, requisite skills, and work experience. Decisions about appointments are professionally oriented and politically neutral (Suzuki & Demircioglu, 2019). This principle is the main premise of the Northcote-Trevelyan Report (1853), which is regarded as the core study of meritocracy in the Western tradition of public administration (Mouritzen & Svara, 2002).

After several decades of using bureaucracy as a synonym for inefficiency, rigidity and red tape (Barnard, 1968; Denhardt & Denhardt, 2003; Jørgensen & Bozeman, 2007; Merton, 1952; Moore, 1995; Osborne & Gaebler, 1993), Weberian bureaucracy is finally receiving the appreciation it deserves as more academic effort is dedicated to reappraisal of its core elements. A slew of empirical and conceptual studies of Weberian bureaucracy have consistently demonstrated the positive impact of merit-based, politically-neutral bureaucracy on various economic and social outcomes (Dahlström & Lapuente, 2017; Dahlström et al., 2012a; Evans & Rauch, 1999; Fukuyama, 2013; Olsen, 2008; Painter & Peters, 2010b; Rauch & Evans, 2000). Elsewhere, a theory of “green tape” (DeHart-Davis, 2008) has emerged which conceptualises a framework of effective rules in bureaucracies. The theory argues that technical proficiency plays an important role in effective rule design and implementation. Most

recently, Cornell, Knutsen and Teorell (2020) found that the impact of Weberian bureaucracy, conceptualised as impartial bureaucracy, on GDP growth has been more pronounced in recent decades. In addition, the correlation is at its strongest when GDP growth is measured between one and five years after the introduction of reform initiatives aimed at strengthening Weberian bureaucracy (Cornell et al., 2020).

In line with the research findings discussed above we propose two important ways in which a professional bureaucracy is correlated with the quality of good provision. First, civil service systems based on merit tend to be associated with a lower incidence of corruption, and citizens are more inclined to place trust in the government when it is free from corruption (Dahlström et al., 2012b; Fukuyama, 1995). Corruption-free government signals to the private sector that the transaction costs of collaboration are low (Suzuki & Demircioglu, 2019). This increases the participation of private sector actors in large infrastructure projects, which are critical for a stable and thriving economy. Civil servants in merit-based bureaucracies are normally insulated from undue political influence because they are selected based on their skills and professional qualifications rather than political connections (Dahlström et al., 2012a; Miller, 2000). This, in turn, reduces opportunity for corruption. Further, non-governmental actors are more likely to express confidence when engaging with a highly professional bureaucracy on infrastructure projects as there is no need to resort to bribery to “grease the wheels”. On the other hand, bureaucrats in countries with highly politicised bureaucracies are dependent on the political will, thus generating

corruption and creating a system of hierarchical control which is more likely to condone unethical behaviour should it arise, leading to lower foreign investment and erosion of citizen trust (Neshkova & Kostadinova, 2012). Tolerance to corruption also often leads to embezzlement and misappropriation of funds, which could have been invested in improving infrastructure and education for citizens.

This argument is in line with the principal-agent theory (Jensen & Meckling, 1976), which serves as an effective theoretical framework for exploring the relationship between bureaucratic professionalism and the quality of public good provision. Evans (1992, 1995), and later, Nistotskaya and Cingolani (2016) demonstrate the value of merit-based recruitment in preventing potentially unethical decisions of political principals from undermining the impartiality of bureaucratic agents. Meritocracy implies that the job is awarded based on technical qualifications and professional acumen, rather than a personal relationship with the political leader. Merit acts as an insulation for a bureaucratic agent from the morally hazardous demands of a political principal, whereas in the patronage system the agent is bound to the will of the principal as a result of liability for the desired position. Independence from political interference is of crucial importance in such high-stakes areas as infrastructure projects and education are often one of the most susceptible to corruption. Infrastructure projects involve securing approvals from the government in the form of licenses and permits which creates numerous opportunities for corruption and graft.

Second, governments with professional bureaucracies tend to recruit and retain highly competent civil servants equipped with the requisite skills, whereas in a politicised system, the main selection criteria are loyalty and political connections. In a professional bureaucracy, merit is practised to ensure that positions are filled with the best qualified personnel (Dahlström et al., 2012a; Oliveros & Schuster, 2018). Employees who are well-qualified and fit for their job may be more motivated to perform well and innovate than those who were appointed based on their political loyalty and personal connections. Additionally, they might be more likely to implement novel ideas and work approaches, take a long-term perspective, and use scarce resources for important infrastructure projects more efficiently. In contrast, a politicised bureaucracy has a lower chance to hire bureaucrats who possess expert knowledge and competence in their policy areas (Cornell & Lapuente, 2014). When an appointment is made based on political and personal affiliations, the bureaucracy is likely to suffer from short-termism based on the political principal's electoral cycle (Van der Wal, 2017), as well as higher attrition rates and poor institutional memory.

The importance of political neutrality and accountability is put forth by Wilson (1887) in his essay on politics-administration dichotomy which for decades has been used in the public administration scholarship as the key theoretical framework for bureaucratic neutrality and merit. He argued for separation of the business of administration from the "strife of politics". When the two become interconnected and politics begins to permeate the bureaucracy,

it is likely that the overall competence and creativity of the government will diminish, leaving no room for technocratic knowledge.

In this vein, Suzuki and Demircioglu (2019) demonstrate an empirical link between bureaucratic professionalism and innovative activities at the national level by examining those variables in 108 countries. Countries that practice merit-based selection are more likely to recruit competent and innovative employees, thus contributing to national innovation outputs (Suzuki & Demircioglu, 2019). In a similar vein, the selection of qualified bureaucrats based on their technical skills and competence is more likely to result in the provision of quality public goods. Infrastructure- and education-related projects tend to be long-term policy initiatives meaning that they are more likely to benefit from a professional bureaucracy with little dependence on political appointees.

Therefore, we formulate the following hypothesis:

H₁: Professional bureaucracy is positively associated with the quality of public good provision.

Bureaucracy in the post-communist context

While Weberian ideal-type bureaucracy may be the basis of public administration in established Western democracies, it is less relevant in the post-communist states that may have retained some of the bureaucratic features associated with Soviet-style administration (Goetz, 2001; Houston, 2014; Neshkova & Kostadinova, 2012).

The first important distinction of the communist bureaucracy from the Weberian conceptualisation of professional bureaucracy used in this study, is a lack of separation between politics and administration. In personnel policy of the Soviet Union, this manifested in the *nomenklatura*-style cadre system as the main principle of human resource management (Meyer-Sahling, 2009). The decisions on appointments to key positions were made by the party, while career progression was predicated on political loyalty and ideological conformity. The management of human resources, especially selection and promotion in communist bureaucracy was thus inherently politicised (Goetz & Wollmann, 2001).

The second key feature of the communist administration is a logical extension of the first. Bureaucrats were expected to be members of the Communist Party, which was an unspoken pre-requisite for recruitment to any office of consequence (Kotchegura, 1999; Meyer-Sahling, 2004). Under this system of “cadre bureaucracy”, political sensitivity, loyalty to the party ideology and commitment to the political leadership were key selection criteria, stifling professionalization and giving merit an “uncertain status” (Painter & Peters, 2010, p. 28) at best.

After the collapse of the Soviet Union in 1991, the communist administrative characteristics inherited by the newly independent states were seen as “the legacy to be overcome” (Meyer-Sahling, 2009, p. 510). One-party rule and command economy based on central planning, as well as shared infrastructure, education system, language and so forth, of the Soviet Union

meant that communist bureaucratic characteristics were commonly regarded as a shared obstacle for all post-communist states in transition (Libman & Obydenkova, 2013.; Roots & Karotom, 2002; Verheijen, 2010).

Pakulski (1986) refers to communist bureaucratic structures as “partocracies”, placed on the opposite end of the professionalisation scale to rational-legal Weberian-type bureaucracies. This classification lends support to the argument that bureaucratic institutions inherited from the communist past may dampen the prospects of bureaucratic reform and rejuvenation (Meyer-Sahling, 2010). Yet, the general belonging to the post-communist region and thus the shared features of communist bureaucracy may not automatically translate into a shared pattern of performance in administrative reform implementation across all post-communist nations. For example, the standard deviation of “Government Effectiveness” indicator calculated by the World Bank (2015) on a scale from 1 to 100, is 21.48 for 19 post-communist countries, which includes Central and Eastern European (CEE) nations, except for the countries of former Yugoslavia and the successor states of the former Soviet Union. This points to a considerable variation in reform outcomes in the region.

While the reasons behind this variation are many and do not all fit in the scope of this chapter, one key consideration merits attention in the context of the importance of professional bureaucracy for government performance as discussed earlier. A close study of the geopolitical situation in the region provides insights into development in the post-communist region.

Post-independence post-communist countries were presented with two major geopolitical choices – between a “neo-imperial” EU and a “post-imperial Russia” (Torbakov, 2013, p. 173), mainly in the form of regional economic integration. CEE countries naturally gravitated towards the former, while the successor states of the former Soviet Union found themselves under Russian influence, forming the regional organisation of Commonwealth of Independent States (CIS) as early as 1991. Evidence shows that the impact of these two choices on domestic change and reform has been very different. European integration and the aspiration to join the EU has been a driver of positive change in CEE (Kochenov, 2011; Manoli, 2013; Schimmelfennig & Sedelmeier, 2005). Association with Russia, on the other hand, is closely related to the advancement of authoritarianism (Jackson, 2010; Melnykovska et al., 2012) and instability in the region (Tolstrup, 2009).

That being said, Russia does not necessarily encourage policy actions which are at odds with those practised in the EU. Rather, it uses pre-established interdependence with post-Soviet countries in the region to exert influence on the domestic reform agenda by modifying the cost-benefit considerations of domestic reform agents who are looking to the EU for policy transfer (Ademmer, 2016; Delcour, 2011; Dragneva-Lewers & Wolczuk, 2015). This phenomenon is closely related to that of “path dependency” which refers to the idea that institutional configurations remain stable over time due to temporally remote causes significantly influencing present day outcomes (Mahoney, 2000). Path dependency is self-reinforcing: the persistence of a given set of arrangements

over time raises the cost of changing them (Pierson, 2000). Post-communist states, having made a certain geopolitical choice post-independence find it easier – or more difficult – to implement policy changes associated with the alliance they have forged.

The specific case of bureaucratic reform in the two “spheres of influence” seems to support this general trend. Recent research shows that EU policy conditionality and its counterpart used in the Russian sphere of influence can potentially explain a fair share of policy changes in the post-communist context, in addition to the policy preferences of domestic reform agents, who are mostly incumbent elites (Ademmer, 2016). Policy conditionality is clearly seen in the pre-EU accession period reforms in the three Baltic states of Estonia, Latvia and Lithuania. The EU made accession conditional on several requirements regarding administrative capacity-building. One of the requirements included the establishment of a professional and depoliticised bureaucracy (Meyer-Sahling, 2009), based on the “principles for a European Administrative Space” closely modelled after the Weberian bureaucratic model (Pivoras, 2010).

Russia is pursuing a course of actions towards its CIS allies looking to enhance cooperation with the EU, similar to EU’s policy conditionality. For example, Russia discourages a close association with the EU through punitive policy measures, such as trade restrictions, stringent migration policies, or instigating conflict in secessionist regions. At the same time, Russia uses a number of policy incentives to bring the allies closer, by trading energy resources below market prices, providing financial assistance, and lending political support

to incumbent elites. In this context domestic policy actors are often faced with a tough choice whether to pursue a closer relationship with the EU or remain loyal to Russia.

Another strand of research proposes that spatial considerations matter in post-communist development. All the success stories of post-communism are geographically close to the former border of the non-communist world. Kopstein and Reilly (2000) find that the spatial effect on post-communist development remains significant even when controlling for cultural differences, historical legacies, and paths of extrication. This suggests that the distribution of institutions, values, and norms essential for effective post-communist development of democracy and market reform has a spatially dependent nature (Kopstein & Reilly, 2000). Libman and Vinokurov (2018), using the Eurasian Economic Union (EAEU), comprised of Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia argued that economic, social and political interdependence, as well as the manipulation strategies employed by Russia, such as the support of “friendly regimes”, have coerced other member states into a union which has limited economic gains.

With respect to bureaucratic reforms, there is no equivalent to the European principles of public administration that Russia would use to incentivise reform, nor does it seem to be high on Russia’s geopolitical agenda. Nevertheless, the support for authoritarian leaders in the region (Collins, 2009; Jackson, 2010) has had an indirect but significant impact on bureaucratic characteristics in the CIS countries. While the rise of patrimonial-authoritarian regimes in Central Asia

and Azerbaijan (Collins, 2009), or authoritarian populism in Belarus, Moldova and Ukraine (Eke & Kuzio, 2000) cannot be explicitly attributed to the Russian foreign policy alone, the continuous support for these regimes by Russia may have contributed to the politicisation, corruption, and lack of technical competence in the bureaucracies of the region (Batory, 2012; Meyer-Sahling, 2004; Verheijen, 2006). This is supported by empirical findings: autocracies politicise bureaucracies at higher levels than democracies (Boräng et al., 2017).

Therefore, we propose the following:

H2: Non-CIS post-communist countries are more likely to display higher bureaucratic professionalism than CIS post-communist countries.

Data and methods

Data

This study uses the Quality of Government (QoG) Expert Survey Dataset II (Dahlstrom et al., 2015), a detailed cross-country study of bureaucratic characteristics carried out in 2014. The survey captures perceptions of 1,200 country experts on the state of the national bureaucracy in a respective country. The dimensions covered include recruitment and selection procedures, promotion, remuneration, policy making, impartiality, gender ratio, and so forth. This dataset is the product of one of the first cross-national studies of its kind and

has been extensively used by academics for research purposes². QoG Expert Survey Dataset II (Dahlstrom et al., 2015) is used in this article as the source of the independent variable.

The dependent variables are obtained from the World Economic Forum Global Competitiveness Report (WEF GCR) from 2015, which assesses a combination of institutions, policies, and factors that help countries achieve economic prosperity for its citizens.

Dependent variables

The dependent variables include: (1) the quality of overall infrastructure, and (2) the quality of higher education and training, calculated by WEF GCR (2015) by using objective country data from publicly available sources, and data from the Executive Opinion Survey, which gathers the views of country-based firms on a wide range of topics related to the local conditions for businesses. The questions are scored on a 7-point Likert scale. Each subcomponent is composed of four to five indicators (see Table 2.1.). The score for each subcomponent is calculated as the weighted average of the individual indicators it comprises. Then, both the quality of infrastructure and the quality of higher education and training

² For further information on publications which have utilised the QoG Expert Survey Dataset, please see: https://qog.pol.gu.se/digitalAssets/1594/1594356_published-papers-and-books-that-use-qog-expert-survey.pdf

scores are calculated as the weighted average of their subcomponent score on a scale from 1 to 7 for the 103 countries in the sample.

While we understand that some of the indicators, such as “available airline seats”, “mobile telephone subscriptions”, “quality of management schools”, “availability of special research and training”, and “staff training” are private rather than public goods, we propose to argue that the government creates the enabling environment for these goods to be provided which, in turn, improves the overall quality of infrastructure, and of higher education and training. The enabling environment that the government creates refers to the legislation, regulatory frameworks, enforcement of transactions, safety and quality protocols and so forth.

Table 2.1.1. List of indicators included in the dependent variables

Quality of public good provision	Indicator
Quality of infrastructure	quality of roads (survey)
	quality of railroad infrastructure (survey)
	quality of infrastructure (survey)
	quality of air transport infrastructure (survey)
	quality of electricity supply
	available airline seat km/week, millions
	mobile telephone subscriptions/100 population
	fixed telephone lines/100 population
Quality of higher education and training	secondary education enrolment rate, gross %
	tertiary education enrolment rate, gross %
	quality of the education system (survey)

quality of math and science education (survey)
quality of and management schools (survey)
internet access in schools (survey)
availability of special research and training services (survey)
staff training (survey)

Independent variables

The independent variable of interest in this article is the degree of bureaucratic professionalism from the QoG Expert Survey Dataset II (Dahlstrom et al., 2015) comprised of the following items: 1) “When recruiting public sector employees, the skills and merits of the applicants decide who gets the job”; 2) “When recruiting public sector employees, the political connections of the applicants decide who gets the job” (reversed); 3) “The top political leadership hires and fires senior public officials” (reversed); 4) “Senior public officials are recruited from within the ranks of the public sector”. The Cronbach’s alpha for the four items is 0.85 indicating high internal consistency. Higher values indicate a more professional bureaucracy, with a less politicized process of hiring and dismissal of civil servants.

Control variables

The control variables have been chosen based on the extant literature concerning the antecedents of quality of public good provision. Among the most salient factors affecting government performance pertaining to the delivery of

public goods and services are wealth (Afonso et al., 2010; La Porta et al., 1999; Lee & Whitford, 2009), political system (Barro, 1996; Fukuyama, 2013), and various governance characteristics, such as control of corruption, quality of the regulatory framework, stability, absence of violence, rule of law, accountability, and so forth (see Boyne, 2003; Easterly & Levine, 2003; Knack & Keefer, 1995; Knott & Miller, 2006).

Based on this, the control variables used are GDP per capita in current USD and trade openness to reflect economic development (World Bank, 2014). Democracy is also included as one of the control variables to estimate the quality of political institutions (Acemoglu & Robinson, 2012) and their impact on public good provision. Trade openness (exports and imports as a share of GDP) is a measure of international competition over labour and capital that has low tolerance for inefficiency. We choose not to include control of corruption due to the high multicollinearity with bureaucratic professionalism index as demonstrated by the variance inflation factor (VIF) test (VIF score=5.85).

Empirical strategy

As the dependent variable is interval, we employ ordinary least squares (OLS) regression analysis. The independent variable is bureaucratic professionalism. We test two models, adding control variables in each second iteration. The first model looks at the bivariate relationship between bureaucratic professionalism and quality of public good provision, as well as country-level

wealth measured by GDP per capita. The second model includes control variables that may affect the dependent variables.

Due to a problem of small- n , this study uses a sample size of 103 countries included in the QoG dataset for which the professional bureaucracy index has been calculated. Using a sample of post-communist states only, would reduce the sample size to 19 countries, which would affect the robustness of the analysis. The 19 post-communist states are looked at in a separate section to understand the patterns in the region.

This study conducts the following robustness checks. First, we run collinearity diagnostics using the VIF. Second, we estimate Huber-White sandwich estimators in all three models to resolve the issue of heteroscedasticity. Third, we re-run all the models with a jack-knife estimator to settle the problem of influential observations and skewed distributions of variables.

Following the analysis of the entire sample, we proceed to examine the results of the post-communist region to further strengthen our argument.

Findings

All countries sample

The descriptive statistics of the variables used in this chapter are summarised in Table 2.2. Correlation matrix is presented in Table 2.3. We conduct collinearity diagnostics using VIF based on the two main models. We did not identify any challenges with multicollinearity in both models: the highest VIF score for the independent and control variables in all of the models is 1.96

(GDP per capita). Huber-White sandwich estimators in all main models demonstrate that heteroscedasticity-robust standard errors are robust in the presence of heteroscedasticity of unknown form (Wooldridge, 2009).

Table 2.2. Descriptive statistics

	Scale	Mean
<u>Dependent variables</u>		
Quality of infrastructure	1/7	4.14 (1.16)
Quality of higher education and training	1/7	4.43 (.99)
<u>Independent variable</u>		
Bureaucratic professionalism	1/7	3.86 (.96)
<u>Control variables</u>		
Log of GDP per capita (current USD)	continuous	8.84 (1.45)
Democracy status	1/10	7.24 (2.69)
Trade openness	continuous	.87 (.49)

Table 2.3. Correlation matrix

		1	2	3	4	5	6
1	Quality of infrastructure	1					
2	Quality of higher education and training	0.85	1				
3	Bureaucratic professionalism	0.59	0.58	1			
4	GDP per capita	0.86	0.92	0.54	1		
5	Democracy status	0.53	0.54	0.49	0.55	1	
6	Trade openness	0.28	0.32	0.20	0.26	0.12	1

As seen from Table 2.4., independent variable of professional bureaucracy has a consistently strong association with the quality of public good provision ($p < 0.05$). In the quality of infrastructure model (Models 1–2), the professional bureaucracy variable is positive and statistically significant ($p < 0.01$). Higher level of economic development tends to translate into more resources to invest in infrastructure development. When we add the control

variables (Model 2), the coefficient of professional bureaucracy is still positive and statistically significant ($p<0.01$). Trade openness and democracy do not display a statistically significant correlation with the quality of infrastructure.

Table 2.4. Relationship between professional bureaucracy and quality of public good provision

	Quality of infrastructure		Quality of higher education and training	
Independent variables	Model 1	Model 2	Model 3	Model 4
Professional civil service	.71*** (.09)	.18** (.07)	.60*** (.08)	.10* (.04)
Control variables				
GDP per capita (ln)		.64*** (.05)		.57*** (.03)
Democracy		-.00 (.03)		.02 (.02)
Trade openness		.10 (.11)		.11 (.07)
Constant	1.31** (.40)	-2.38*** (.36)	2.03*** (.34)	-1.40*** (.23)
Observations	103	101	103	101
R-squared	.35	.79	.34	.87

Robust standard errors in parentheses; *** $p<0.001$, ** $p<0.01$, * $p<0.05$

In Models 3 and 4, we test the association between professional bureaucracy and the quality of higher education and training. Here, the results commonly show a strong correlation between these two variables. In Model 3, bureaucratic professionalism turned out to have a positive and significant link with the quality of education ($p<0.01$). Interestingly, the sign of the coefficient of the independent variable remains the same and retains statistical significance

($p < 0.05$) in Model 4, which includes control variables. Such results suggest that countries with higher levels of bureaucratic professionalisation may also score higher in the quality of higher education, controlling for confounding factors. Trade openness and democracy do not have a statistically significant association with the quality of higher education and training.

Table 2.5. reports results of the same model estimations with jack-knifed estimates to address the concern for influential observation. Results with jack-knifed estimations are similar to those in our main models (Table 2.5.). This is true for both the direction of the coefficients and the statistical significance. In sum, the results of the models using all country samples show that professional bureaucracy is positively correlated with the quality of public good provision expressed in the quality of infrastructure, and higher education and training, lending full support to hypothesis 1. Countries with more merit-based and less politicised bureaucracies are more likely to have higher levels of infrastructure and higher education quality, controlling for other factors.

Table 2.5. Quality of public good provision and professional bureaucracy (all samples, jack-knifed estimates)

	Quality of infrastructure		Quality of higher education and training	
Independent variable	Model 1	Model 2	Model 3	Model 4
Professional civil	.718***	.185*	.602***	.097*
service	(.086)	(.090)	(.072)	(.049)
Observations	103	101	103	101
R-squared	.348	.786	.336	.873

Post-communist nations sample

Empirical support for hypothesis 1 on the association between the quality of public good provision using a global sample, serves as the basis for the discussion of bureaucratic professionalism and its association with the quality of public good provision in the post-communist context. Belarus, Uzbekistan and Turkmenistan are not covered in the analysis due to the absence of data on these countries.

Table 2.6. Public good provision and bureaucratic professionalism in post-communist states

Country	WEF GCR Quality of Infrastructure score	WEF GCR Quality of Higher education and training score	Bureaucratic professionalism	GDP per capita
EU members				
Bulgaria	4.1	4.5	2.98	8.968
Czech Republic	4.7 (2)	5 (4)	3.80	9.89 (2)
Estonia	4.8 (1)	5.5 (1)	4.56 (3)	9.90 (1)
Hungary	4.6 (3)	4.7	3.12	9.56
Latvia	4.6 (3)	5.1 (3)	4.80 (2)	9.66
Lithuania	4.7 (2)	5.3 (2)	4.55 (4)	9.71 (4)
Poland	4.2	5	4.93 (1)	9.57
Romania	3.7	4.6	3.87	9.21
Slovakia	4.2	4.6	2.93	9.83 (3)
EU hopefuls				
Albania	3.5	4.5	4.25	8.43
Georgia	4.3	3.9	2.82	8.40
Ukraine	4.2	4.9	3	8.04
CIS				
Armenia	3.8	4.2	3.71	8.30
Azerbaijan	4.1	3.9	3.36	8.97
Kazakhstan	4.2	4.5	3.34	9.46
Kyrgyzstan	2.8	3.9	3	7.15
Moldova	3.7	4.1	3.56	7.72
Russia	4.8 (1)	5 (4)	3.57	9.56

Tajikistan	2.7	4	2.13	7.01
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Table 2.6. demonstrates the scores of each post-communist nation in the sample, which refer to the quality of infrastructure and quality of higher education and training respectively (see the first and second columns). These scores are compared to the country's professional bureaucracy index values as well as the GDP per capita measure. The top four scores in each category are highlighted, and the comparative performance in each category provides general support to the findings from the global sample. As the data in the table demonstrates, all the top scorers, with the exception of Russia, are in the European Union (EU) member states category. The top scorers in bureaucratic professionalism are Poland, Latvia, Lithuania and Estonia. The three Baltic states, which are currently EU members feature in the top four of each of the four categories presented in the table, supporting our hypothesis that countries with a higher level of bureaucratic professionalism are more likely to display a higher quality of infrastructure, higher education and training. Czech Republic and Russia are both top performers in terms of infrastructure and education quality. However, their bureaucratic professionalism score is lower than that of Estonia, Latvia and Lithuania. In addition, both Czech Republic and Russia have a relatively high level of GDP per capita, which is a strong predictor of both dependent variables used in this study, providing an alternative explanation to the inconsistency with the findings from the global sample.

Table 2.7. provides additional, commonly used bureaucratic professionalism metrics used in academic studies on merit in civil service previously (Schuster, 2017; Suzuki & Demircioglu, 2019; Suzuki & Hur, 2020): Corruption Perceptions Index (CPI) score, compiled by Transparency International annually, V-Dem Institute's rigorous and impartial public administration index, and the QoG professional bureaucracy score. V-Dem contains data on 173 countries from 1900 to 2012, generated using responses from around 2,500 country experts (Coppedge et al., 2016), asking them to assess the impartiality of a country's public administration. T-test comparison results demonstrate that the score differences are statistically significant ($p < .001$). Notably, this study intentionally chose not to use legal merit requirements as a benchmark for meritocratic bureaucracy, as previous studies have shown that laws which explicitly protect merit are neither essential nor sufficient for the merit principle to be upheld (Oliveros & Schuster, 2018; Schuster, 2017).

The EU member states perform better than the other two groups on all three accounts. The only non-EU member displaying a high score in CPI is Georgia, which conducted a famously successful crackdown on corruption since the major public sector reforms initiated by President Saakashvili in 2004. A combination of deregulation, decentralisation, training, and greater punitive measures contributed to what the World Bank (2012) lauded as "unique success" in fighting corruption. V-Dem data is somewhat consistent with the professional bureaucracy score compiled by QoG. The Baltic states dominate all three

rankings, along with less consistent results by Poland, Czech Republic and Hungary.

Table 2.7. Bureaucratic characteristics in the post-communist context by membership in regional alliances

Country	Corruption Perceptions Index (TI)	Professional bureaucracy score (QoG)	Rigorous and impartial public administration (V-Dem)
EU members			
Bulgaria	4.1	2.98	3
Czech Republic	5.6 (4)	3.80	3.14
Estonia	7 (1)	4.56 (3)	3.83 (1)
Hungary	5.1	3.12	3.2 (4)
Latvia	5.6 (4)	4.80 (2)	3.75 (2)
Lithuania	5.9 (3)	4.55 (4)	3.28 (3)
Poland	6.3 (2)	4.93 (1)	3
Romania	4.6	3.87	2.28
Slovakia	5.1	2.93	3
EU hopefuls			
Albania	3.6	4.25	2.5
Georgia	5.2	2.82	2.6
Ukraine	2.7	3	1.33
CIS			
Armenia	3.5	3.71	1.86
Azerbaijan	2.9	3.36	.86
Kazakhstan	2.8	3.34	1.43
Kyrgyzstan	2.8	3	2
Moldova	3.3	3.56	2.5
Russia	2.9	3.57	1.55
Tajikistan	2.6	2.13	.6

Conversely, CIS member states perform quite poorly in all three rankings, with countries like Kazakhstan, Kyrgyzstan, Tajikistan and Azerbaijan displaying very low scores in CPI, and subpar performance in bureaucratic professionalism and V-Dem ranking. To test whether the score differences in all three rankings are meaningful between CIS versus non-CIS countries, this study also conducts a two samples t-test between CIS and non-CIS countries, with the

differences statistically significant ($p < .05$) across all three rankings, lending support to hypothesis 2.

Discussion

The findings from the quantitative data analysis provide support for both hypotheses put forward in this study.

First, the results of all countries sample regression analysis demonstrate that bureaucratic professionalism matters for public good provision and their quality. Countries with a higher level of bureaucratic professionalism tend to have a higher score on both quality of infrastructure and quality of higher education and training. Controlling for important predictors of public good provision, such as national wealth, trade openness and democracy status, do not affect the significance of the results. Wealth as expressed in GDP per capita also has a strong correlation with the quality of public good provision. These results provide empirical support to our argument that bureaucratic professionalism contributes to quality of public good provision in what we conceptualise as two distinct ways.

The first contribution lies in the independence of bureaucrats from political influence. This is especially important in infrastructure- and education-related projects, since they are particularly prone to corruption (Heyneman, 2004; Kenny, 2009; Martimort & Straub, 2009). The second contribution pertains to the ability of merit-based bureaucracies to select civil servants based on their

technical competence, which translated into higher efficiency of public good provision.

Second, a closer look at the performance of post-communist states by “spheres of influence” demonstrates that patterns of post-communist governance are largely dependent on geopolitical choices made by these states, which are in turn informed by previously chosen institutional structures and practices. Distancing from Russia and entering the EU has had a positive effect on the overall government performance of the Baltic states and countries of the former Eastern Bloc in Europe. Conversely, for the countries of the “contested neighbourhood” – Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine (Ademmer et al., 2016, p. 2), as well as Central Asian states, proximity to Russia, both geographical and socio-economic, has created an impediment to much-needed structural reforms, including an institutional overhaul, not unlike that in the Baltic states and Georgia.

While close political association with Russia does not point directly at path dependency as the inhibiting factor for successful reforms the Soviet Union successor states, one issue deserves attention. Russia has demonstrated its support for incumbent political elites in most of its CIS allies (Collins, 2009; Jackson, 2010), and in most cases these elites are part of an authoritarian regime with little promise for democracy-building in the near future. Democracy and political stability are among the five factors that were found to reduce corruption (Nur-Tegin & Czap, 2012). Even unstable democracies demonstrate lower levels of corruption than stable dictatorships (Nur-Tegin & Czap, 2012). Corruption is

incompatible with meritocracy and politics-administration dichotomy (Dahlstrom et al., 2012b), while countries with meritocratic bureaucracies have higher prospects for democratic stability (Cornell & Lapuente, 2014). Further, autocratic regimes have been found to politicise bureaucracies at a higher rate than democracies (Boräng et al., 2017). Thus, Russia's continuous support for autocratic regimes in the region may be one of the core issues behind the lacklustre bureaucratic performance in the CIS countries.

Geopolitical reasons aside, there are several other causes of the post-communist countries' relative inability to wean off the communist bureaucratic legacy. First, the bureaucratic reform was side-lined in favour of more pressing political and economic developments (Neshkova & Kostadinova, 2012). New civil service legislation which outlines the creation of professional and depoliticised civil service, thus signalling the governments' commitment to the bureaucratic reform agenda, were not adopted until the late 1990s (Houston, 2014), failing to give impetus to administrative reform because of quality of design or implementation issues (Nunberg, 1999; Meyer-Sahling, 2004). The failure of reform to galvanise change can also be attributed to the fact that the reform agents were often comprised of bureaucrats from the old regime, who were reluctant to cooperate and improve (Baker, 2002; Neshkova & Kostadinova, 2012).

This study provides two important lessons for practice. First, professional bureaucracy is essential for the state to effectively carry out its core responsibilities. Merit-based selection and autonomy of bureaucratic decision-

making from the political oversight send a positive signal to the investors and aid agencies and increase citizen trust, which are indispensable for legitimacy and economic development. Second, the significance of geopolitics cannot be discounted, with policy conditionality having a significant impact on policy choices of actors depending on their proximity to the EU or Russia. Despite this, it has been found that domestic politics does play a key role in shaping the local reform agenda (Ademmer et al., 2016), and domestic reform agents have the ability to take advantage of geopolitical rivalry. However, this applies mostly to incumbent elites, meaning that the pace of change depends on the longevity of the regimes currently supported by Russia in the region.

Conclusion

This study demonstrated that bureaucracies matter for the cross-national variations in public good provision. When using all countries sample, we find that countries with higher levels of bureaucratic professionalism are likely to have a higher score for quality of infrastructure and quality of higher education and training. Restricting the sample to the region of interest – post-communist countries only – we demonstrate that countries with more professional bureaucracies have higher scores for the quality of public good provision scores. Our findings fit in with the existing scholarship on bureaucratic characteristics that demonstrates a strong empirical association between professional and depoliticised bureaucracies and a number of important socio-economic outcomes.

This research contributes to the field by investigating the relationship between bureaucratic characteristics and quality of public good provision, which has a number of policy implications. Results show a positive effect of the move to a professional bureaucracy, which is likely to enable better public good provision. In addition, the success of reforms is often more complex than the sum of successful individual reform initiatives and may have roots in history, and geopolitics.

The limitations of this research need to be discussed. First, the cross-national nature of the dataset means that causality cannot be established. Estimating independent impacts of professional bureaucracy on quality of public good provision may prove challenging since bureaucratic characteristics may correlate with other factors that have an impact on, or association with, public good provision, such as wealth and corruption. Our aim is to suggest a positive association between professional bureaucracy and the quality of public good provision, without considering factors subject to temporal change.

Second, we cannot completely rule out the possibility of omitted variable bias. It is not possible to control for all the possible determinants of the quality of public good provision or the relationship between professional bureaucracy and quality of public good provision.

Third, this study sought to identify some of the variables that may have affected the development divergence of post-communist states. As such, it does not represent an exhaustive study of the development nature and timeline. A case study method might be instrumental for understanding the dynamics of

bureaucratic reform in the region. Besides, the variability of performance even within each of the groups discussed in this study – the EU members, the CIS members and the states in between – means that a more detailed framework is needed to understand regional differences. This could be addressed in future studies, using a combination of quantitative and qualitative approaches.

Chapter 3

ESSAY 2: BUREAUCRATIC CLOSEDNESS AND NATIONAL INNOVATION PERFORMANCE

Introduction

Innovation is commonly perceived as instrumental for the improvement of public services delivered to citizens, as well as the problem-solving capacity of national governments in dealing with wicked policy problems (Damanpour & Schneider, 2008). Innovation has become a necessity for governments rather than a choice due to external pressures, such as deregulation, resource scarcity and citizen demands among others (Walker, 2014). This is why recent studies on government innovation have focused on antecedents and determinants of innovation in the context of the public sector (Demircioglu & Audretsch, 2017; De Vries et al., 2016; Osborne & Brown, 2011; Newman et al., 2000; Walker, 2014).

We rarely think about how bureaucratic institutions and practices make a difference for the national propensity to innovate (Suzuki & Demircioglu, 2019; Varblane et al., 2012), choosing to analyse organizational level innovation performance and characteristics instead (Borins, 2001; Demircioglu & Audretsch, 2017; Gabris et al., 2001; Van der Wal, 2017; Walker, 2014). At the same time, cross-national variations in administrative characteristics may have the potential to explain the divergence in national innovation performance. Governments' ability to quickly and efficiently adapt to changing circumstances is the essence of innovation and has long been attributed to the administrative

capacity of public organisations (Burgess, 1975). A strong administrative core provides the leadership and coordination necessary for successful implementation of innovative practices (Daft & Becker, 1978). Located at the heart of the government, bureaucrats are ideally placed to both enable and capture innovation (Kelman, 2006). Empirical evidence shows that professional and impartial bureaucracies tend to produce higher innovation outputs (Suzuki & Demircioglu, 2019).

While research in this area is relatively nascent, several considerations may be relevant based on the existing evidence. First, it is crucial for bureaucracies to put systems in place that encourage and reward innovative behaviour (Borins, 2001; Gabris et al., 2001). Reluctance to embrace new ways of working as a manifestation of the conflict between bureaucrat's ethos and innovator's ethos (Van der Wal, 2017) is a frequently cited barrier to innovation (Koch & Hauknes, 2005; National Audit Office, 2005). In the context of budgetary constraints, promotion is the main avenue of signalling to bureaucrats that innovative performance will be rewarded. Where chances of promotion are not dependent on political and personal loyalties but rather on professional qualities, civil servants may be more likely to innovate. Conversely, if political connections matter, innovation is unlikely to take place as civil servants will not be motivated to pursue behaviours which will not be rewarded (Suzuki & Demircioglu, 2019; Osborne & Brown, 2011; Potts, 2009).

Second, for the civil service systems to be associated with innovation, recruitment needs to be conducted from the widest number of candidates

possible. This can only be achieved through a practice of an open bureaucratic system in which external candidates have an opportunity to become a part of the bureaucracy at any level of the bureaucratic hierarchy, where job openings are widely advertised and working conditions are subject to the general labour regulations (Auer, Demmke & Polet, 1996; Bekke & Meer, 2000; Dahlstrom & Lapuente, 2017). Bureaucratic openness encourages greater mobility and flexibility which may lead to a greater propensity to innovate as civil servants will not fear retaliation from the political principals in the form of failure to promote. This is reflected in the global innovation indices, with open civil service systems such as New Zealand, Australia, the Netherlands, and Canada consistently ranking high.

There exists a gap in the academic literature on the determinants of cross-national differences in public sector innovation (De Vries et al., 2016). To date, the majority of studies, with a few notable exceptions (Suzuki & Demircioglu, 2019; Furman et al., 2002; Osborne & Brown, 2011; Walker, 2014), utilise a qualitative approach which manifests primarily in the dominance of case studies, which have limited applicability in providing a robust comparative framework. De Vries et al. (2016) also highlight the weakness that most studies display in that they fail to explain how various antecedents of innovation interact, instead resorting to looking at each factor individually. Finally, most innovation studies focus on the developed world due to the higher availability of data.

This chapter aims to expand our limited understanding of the extent to which the nature of bureaucratic institutions can explain the divergence in public

sector innovation, using the bureaucratic closedness index by the Quality of Government (QoG) Institute Expert Survey Dataset (Dahlstrom et al., 2015) and the Global Innovation Index (GII) (Cornell University, INSEAD & WIPO, 2016). This chapter proposes that bureaucratic characteristics matter for explaining variations in innovation. In particular, open bureaucratic systems which encourage entrance of external candidates at any level and career mobility cultivate an environment conducive for innovation.

The post-communist context provides an interesting backdrop to test this proposition. The Soviet bureaucratic system was famously elitist and insular, with entrance only at the lower echelons of the bureaucracy and a strong tenure protection system (Kotchegura, 2008; Pakulski, 1986; Tambovtsev, 2004). The politicised nature of the Soviet party *nomenklatura* meant that jobs were very secure, with employee mobility virtually non-existent and posts often occupied by the same person for years on end (Tambovtsev, 2004). Working in close proximity with political sponsors of their jobs bureaucrats were forced to become finely attuned to their preferences which were often morally hazardous (Monobayeva & Howard, 2015). In other words, there were few incentives for risk-taking behaviour which could potentially undermine the established system of high responsiveness to the needs of the political agents. Accordingly, we aim to explore whether those post-communist states which display bureaucratic closedness are less likely to have a higher propensity to innovate at the national level. The findings suggest a strong and negative association between the continuous commitment to bureaucratic closedness and higher levels of national

innovative activities. At the same time, in the post-communist context this relationship does not seem to hold up, with investment in research and development having a closer association with innovation than bureaucratic openness.

We expect that this research will contribute to the existing theory on cross-country differences in innovation and provide important practical insights for policymakers and public managers. First, this study complements existing research on the importance of bureaucratic characteristics for development as expressed by the country's ability to innovate. Second, it contributes to the existing literature on innovation in the public sector by expanding the subset of determinants of national level innovative activities. Third, it addresses the pronounced lack of research on post-communist development utilising a cross-country comparative approach.

This chapter is structured as follows: First, the theoretical framework of the study is explained. Second, we elaborate on the research design and the data sources. We then present the results and analysis, concluding with discussion and limitations of the study.

Theoretical framework

Bureaucratic closedness

Daft and Becker (1978) argue that a strong administrative core is positively related to the propensity to adopt innovative practices because it provides the requisite leadership and coordination. Further, Andrews and Boyne

(2011) maintain that “low capacity governments would struggle to develop and implement innovations” (p. 895). Another important aspect of public organisations, conducive to innovation is professionalism, which is associated with higher-quality individual work experience (Walker, 2008), essential for the propensity to adapt to changing circumstances in an efficient and flexible manner.

This proposition was empirically tested in the first large-scale cross-country study by Suzuki and Demircioglu (2019), who demonstrated an empirical link between bureaucratic professionalism and impartiality, and innovative activities at the national level by examining these variables in 108 countries. They found a statistically significant correlation between professionalism and impartiality of public administration and innovation outputs, thus providing an explanatory framework for cross-national differences in innovative activities with a much-needed focus on the importance of bureaucracies that exercise power impartially and are free from political control and (Suzuki & Demircioglu, 2019, p. 756).

Openness is an important bureaucratic feature that fosters pro-innovation attitudes. It was first mentioned in the context of innovation by Thompson (1965), who argued that closed bureaucracies, characterised by insularity and hierarchy, rewarding loyalty and prioritising seniority over performance, challenging the status quo – an indelible attribute of innovation – is seen as a threat and is actively avoided. In such systems, which he calls “monocracies”, job openings are not openly advertised and are filled by internal candidates with entry at the bottom level of the hierarchy, while working conditions are regulated by dedicated laws

different from the general labour regulations applicable to private sector employees (Dahlstrom et al., 2012a). Countries such as France, Germany, Japan have relatively closed and career-based hierarchical models resembling Thompson's (1965) characterisation of a "monocracy". This approach to civil service personal management is often associated with resistance to reform (Boyne, 2003; Christensen & Laegreid, 2011), making it an unlikely environment for innovation to thrive. For example, in his study of 153 agency heads Teodoro (2011) demonstrates that if the opportunities for advancement are only available within the organisation, innovation is unlikely to happen, while Goldberg et al. (2011) warn against civil service systems where incentives of government officials are misaligned as they risk penalties for failure but gain little if they are successful.

Conversely, open bureaucracies practice publicly advertised, open entry to the civil service, with recruitment procedures often resembling those in the private sector. Promotion in such systems tends to be flexible, without a strict attachment to seniority, and working arrangements and conditions are usually regulated by labour laws which apply to the private sector (Dahlstrom & Lapuente, 2017; Demmke & Moilanen, 2010). If career mobility is part and parcel of the bureaucratic system, it is expected that civil servants will be less cautious about retaliation for challenging the status quo and thus more likely to come up with innovative ideas. For example, Damanpour (1991) proposes that activities outside the realms of the organisation can spur innovation. Further, Vigoda-Gadot et al. (2005) argue that since the approach to innovation in the

public sector is top-down, managers need the creativity and experience gained in the private sector to empower a bottom-up innovation flow. This is only possible in a system where recruitment is possible at any given level, while promotion is based on qualifications without an over-reliance on seniority. The recognition of the importance of work experience and skills transferred from other sectors for the public sector, gave rise to the studies on sector switching (Bozeman & Ponomariov, 2009; Su & Bozeman, 2009), as it enables the acquisition of new competencies, skills, and insights from other sectors (Frederiksen & Hansen, 2014).

The argument in support of open bureaucracies and the enabling environment they create for innovation are well aligned with the two theoretical frameworks central to this thesis – principal-agent theory (Jensen & Meckling, 1976) and politics-administration dichotomy Wilson (1887). Working in close proximity with political principals, bureaucratic agents have few incentives to engage in risk-taking behaviour and suggest new ideas for fear of upsetting the status quo. Lack of political neutrality and the “strife of politics” (Wilson, 1887) undermines technocratic knowledge in favour of rank and seniority.

Open bureaucracies can be found in Australia, Canada, Denmark, New Zealand, the Netherlands, and Singapore (Suzuki & Hur, 2020), with some countries going as far as to introduce contract-based employment for civil servants in a bid to encourage performance and innovation (Mussagulova & Van der Wal, 2019). These are the countries that top international rankings on

government performance, of which innovation is an important dimension (Cornell University et al., 2019; World Economic Forum, 2019).

Innovation, which can be broadly defined as occurring when “new ideas, objects and practices are created, developed or reinvented in an organisation” (Walker, 2008, p. 592; see also Aiken & Hage, 1971; Kimberly & Evanisko, 1981; Rogers, 1995), has received ample academic attention recently due to the common agreement on its benefit for the improvement of quality of public services and the ability of the governments to deal with wicked policy problems (Damanpour & Schneider, 2008). This interest is reflected in the proliferating scholarship on the determinants of the adoption of innovation in public sector organisations (Demircioglu & Audretsch, 2017; De Vries et al., 2016; Osborne & Brown, 2011; Newman et al., 2000; Walker, 2014). Some of the better researched determinants of innovation at the national level include economic development and wealth, education, corruption, regulatory quality, infrastructure etc. (Bhattacharya & Bloch, 2004; Brouwer & Kleinknecht, 1996; Furman et al., 2002; Love & Roper, 1999).

The impact of bureaucracies and their characteristics on national innovation is relatively understudied, with only a handful of studies explicitly discussing the importance of certain bureaucratic features for the culture of innovation (Borins, 2001; Damanpour, 1996; Demircioglu & Audretsch, 2017; De Vries et al., 2016; Gabris et al. 2001; Van der Wal, 2017; Vigoda-Gadot et al., 2005; Walker, 2014). However, most of these studies are concerned with organisational and individual level factors and characteristics, such as

administrative culture (Pärna & Von Tunzelmann, 2007), the degree of risk aversion (Borins, 2001), and leadership (Gabris et al., 2001). This leaves open the question of whether national innovation performance may be explained by cross-national variations in bureaucratic characteristics.

Thus, we formulate the following hypothesis:

H: Closed bureaucracy is negatively associated with national level innovative activities.

Bureaucratic closedness in the post-communist context

The Soviet bureaucratic model is a typical example of a “monocracy” (Thompson, 1965). The hierarchical, seniority-based nature of the Soviet party *nomenklatura* meant that jobs were very secure, and employee mobility virtually non-existent with posts often occupied by the same person for years on end (Tambovtsev, 2004). Appointments were made based on political loyalty, and joining the ranks of the civil service was only possible through entry-level positions in order to progress up the “career ladder” (Goetz & Wollmann, 2001; Kotchegura, 2008). Such progress was also conditional on personal commitment to the political principal’s directives. Working in such close proximity with the sponsors of their jobs, bureaucrats were forced to become finely attuned to their preferences which meant that there was little room for challenging the status quo and offering new, innovative solutions (Monobayeva & Howard, 2015). In other words, there were few incentives for risk-taking behaviour which could

potentially undermine the established system of high responsiveness to the needs of political agents.

Post-independence, the successors of the Soviet Union and the countries of the Eastern Bloc in Europe implemented a range of civil service reforms aimed at improving the performance of their bureaucracies, aligning them with the aspirational model of a Weberian bureaucratic ideal. For example, Estonia's civil service reform efforts were pointedly aimed at legitimising private sector human resource management practices, such as flexibility in employment practices, performance management, the reduction of formal statutory employment protection, eschewing centralised appointments in favour of direct recruitment to a specific post, with entry possible at any level in the civil service hierarchy, and the absence of a universal civil service entry exam (Savi & Randma-Liiv, 2016). In line with anti-Soviet and pro-European sentiments shared by the Baltic states, since 1996 the Estonian civil service saw the majority of the civil servants with a communist-administration background crowded out by the new generation of public officials (Savi & Metsma, 2013). It could be argued that less-formalized, private sector-like management practices allow quick access to top talent, promotion and dismissal based on performance, which contribute to greater agility in selecting the right people for the job. Organisation for Economic Cooperation and Development (OECD) (2016), for example, argue that attracting, developing and retaining people with the right skills is crucial for achieving strategic innovative government goals, especially in a small nation like Estonia, with its labour supply shortage and high levels of migration to other

European nations (OECD, 2016). In such conditions, a more open bureaucracy and a move away from the Soviet tradition of bureaucratic closedness may have been an important contributing factor to Estonia's innovation performance.

In order to explore this proposition, we aim to analyse several sources of data on innovation in the post-communist context and triangulate it with the bureaucratic closedness data. Due to the insufficient number of observations in the post-communist subset of countries, it is not possible to test a hypothesis using conventional statistical methods, which is why our exploration of whether post-communist countries with open bureaucracies tend to perform better in national innovation compared to closed bureaucracies, will be based on the analysis of secondary data and comparison of several innovation indicators.

Data and methods

Data

This study relies on the QoG Expert Survey Dataset II (Dahlstrom et al., 2015), a detailed cross-country study of bureaucratic features carried out in 2014. The survey captures perceptions of 1200 country experts on the state of the national bureaucracy in a respective country. The dimensions covered include recruitment and selection procedures, promotion, remuneration, policy making, impartiality, gender ratio, and so forth. This dataset is the product of one of the first cross-national research projects of its kind and has been extensively used by academics for research purposes. QoG Expert Survey Dataset II (Dahlstrom et al., 2015) is used in this article as the source of the independent variable.

The dependent variables are sourced from the GII (Cornell University et al., 2014) which is a global ranking of national innovation performance across seven dimensions along the inputs (institutions, infrastructure, human capital, market and business sophistication) and outputs (knowledge and technology, creative outputs) dichotomy.

Dependent variables

The dependent variable used in this article is that of innovation outputs sub-index score as measured in the GII. This sub-index reflects outputs produced as a result of innovative activities within the economy and comprises two pillars: knowledge and technology outputs, and creative outputs. More detailed information on the subcomponents of each pillar is presented in Table 3.1.

Table 3.1. List of indicators included in the dependent variable – innovation output sub-index

Dimension	Indicator	Sub-indicator
Knowledge and technology outputs	Knowledge creation	Domestic resident patent app./tr PPP\$ GDP
		PCT resident patent app./tr PPP\$ GDP
		Domestic res utility model app./tr PPP\$ GDP
		Scientific & technical articles/bn PPP\$ GDP
		Citable documents H index
	Knowledge impact	Growth rate of PPP\$ GDP/worker, %
		New businesses/th pop. 15-64
		Computer software spending, % GDP
		ISO 9001 quality certificates/bn PPP\$ GDP
		High- & medium-high-tech manufactures, %
	Knowledge diffusion	Royalty & license fees receipts, % total trade
		High-tech exports less re-exports, %

		Comm., computer & info. services exp., % total trade
		FDI net outflows, % GDP
Creative outputs	Intangible assets	Domestic res trademark app./bn PPP\$ GDP
		Madrid trademark app. holders/bn PPP\$ GDP
		ICTs & business model creation
		ICTs & organizational model creation
	Creative goods and services	Cultural & creative services exports, % total trade
		National feature films/mn pop. 15-69
		Global ent. & media output/th pop. 15-69
		Printing & publishing manufactures, %
		Creative goods exports, % total trade
	Online creativity	Generic top-level domains (TLDs)/th pop. 15-69
		Country-code TLDs/th pop. 15-69
		Wikipedia edits/pop. 15-69
		Video uploads on YouTube/pop. 15-69

Independent variables

The independent variable of interest in this article is the degree of bureaucratic closedness, which is an index constructed from three items in the QoG Expert Survey Dataset II (Dahlstrom et al., 2015) using principal component analysis: 1) “Public sector employees are hired via a formal examination system”; 2) “Once one is recruited as a public sector employee, one remains a public sector employee for the rest of one’s career”; 3) “The terms of employment for public sector employees are regulated by special laws that do not apply to private sector employees”. The Cronbach’s alpha for the three items is 0.75 indicating high

internal consistency. Higher values indicate a more closed bureaucracy, with external candidates having fewer opportunities to enter the civil service. Due to the issue of missing data, only 47 countries have been included in the index out of the original dataset of 107 nations globally. For the purpose of this article all 47 countries are used to conduct analysis with post-communist states looked at in a separate section to understand the patterns in the region.

Control variables

We choose to control for various other factors that may impact national level innovation. The control variables have been chosen based on the extant literature concerning the determinants of innovation (Demircioglu & Audretsch, 2017; De Vries et al., 2016; Walker, 2014). Among the most salient factors affecting innovation at the country level are wealth (Armstrong & Taylor, 2000; Moon & deLeon, 2001; Raghupathi & Raghupathi, 2017), corruption (DiRienzo & Das, 2015; Rose-Ackerman & Palifka, 2016), education level (Varsakelis, 2006), various governance characteristics (Broberg et al., 2013; Rodríguez-Pose & Di Cataldo, 2014; Wang 2013) and so forth.

Based on this, the control variables used are GDP per capita in current USD to reflect economic development (World Bank, 2014a), Transparency International Corruption Perceptions Index to account for the level of corrupt behaviour, and expenditure on investment in research and development (R&D) which may indicate national commitment to innovation (World Bank, 2014b). Democracy is also included as one of the control variables to estimate the quality

of political institutions (Acemoglu & Robinson, 2012) and their impact on national level innovative activities.

Empirical strategy

Given the nature of the dependent variable – interval – we employed ordinary least squares (OLS) regression analysis. The independent variable is bureaucratic closedness. We test two models, adding control variables in each iteration. The first model looks at the bivariate relationship between bureaucratic closedness and innovation outputs, as well as country-level wealth measured by GDP per capita. The second model includes control variables pertaining to the quality of institutions – anti-corruption measures measured by the Transparency International Corruption Perceptions Index (CPI) and the democracy measure by Freedom House. The third model includes investment in R&D as an additional variable to identify alternative explanations for the dependent variable.

Due to a problem of small- n , we use a sample size of 47 countries included in the QoG dataset for which the bureaucratic closedness index has been calculated. Using the sample of post-communist states only, would reduce the sample size to 19 countries which would affect the robustness of the analysis. The 19 post-communist states are looked at in a separate section to understand the patterns in the region.

We conduct the following robustness checks. First, we ran collinearity diagnostics using the variance inflation factor (VIF). Second, we estimated Huber-White sandwich estimators in all three models to resolve the issue of

heteroscedasticity. Third, we re-ran all the models with a jack-knife estimator in acknowledgement of the possible problem of influential observations and skewed distributions of variables.

Following the analysis of the entire sample, we proceed to examine the results of the post-communist region. Based on our findings we will look at several individual countries using a case study approach to further strengthen our argument.

Findings

All countries sample

Table 3.2. reports descriptive statistics. We use a log of GDP per capita as a measure of economic development. Correlations are presented in Table 3.3. We conducted collinearity diagnostics using VIF for all the three main models. The highest VIF score for the independent and control variables in all of the models is 7.36 (CPI), meaning that multicollinearity does not pose a threat to validity. We estimated Huber-White sandwich estimators in all main models, in response to the issues of heteroscedasticity. Heteroscedasticity-robust standard errors are robust in the presence of heteroscedasticity of unknown form (Wooldridge, 2009).

Table 3.2. Descriptive statistics

	Scale	Mean
<u>Dependent variables</u>		
Innovation outputs	1/100	40.11 (11.19)
<u>Independent variable</u>		

Bureaucratic closedness	1/7	4.74 (.78)
<u>Control variables</u>		
Log of GDP per capita (current USD)	continuous	9.79 (1.12)
Democracy status	1/10	8.66 (2.19)
Corruption perceptions index	1/100	57.76 (20.61)
Expenditure on R&D (% of GDP)	continuous	1.38 (1.01)

Table 3.3. Correlation matrix

	1	2	3	4	5	6
1 Innovation outputs	1					
2 Bureaucratic closedness	-.11	1				
3 GDP per capita	.84	.12	1			
4 Democracy status	.72	.72	.66	1		
5 Corruption perceptions index	.85	-.09	.87	.72	1	
6 Expenditure on R&D	.83	-.03	.81	.60	.83	1

Regression results for the sample of 47 countries are reported in Table 3.4. The results for Model 1 suggest a statistically significant negative correlation between bureaucratic closedness and innovation outputs. Country wealth has a strong impact on the innovation outputs score which is in line with the findings of earlier studies on the determinants of innovation at the national level. Introducing control variables in Model 2 reduces the correlation coefficient for both the independent variable and GDP per capita, and points to the importance of the political institutions for the country-level innovation activities. The correlation between innovation outputs and the effectiveness of measures to tackle corruption is not statistically significant.

Model 3 yields further interesting results on the relationship between bureaucratic closedness and innovation outputs. Introducing investment in R&D as a control variable causes the reduction of the correlation coefficient for bureaucratic closedness, however, both the negative nature of the relationship and

statistical significance stay unchanged. Investment in R&D has a statistically significant positive correlation with innovation outputs. Both wealth and the democracy status retain their statistically significant correlation with innovation outputs.

Table 3.5. reports results of the main model estimations using jack-knifed estimates to address the concern for influential observation. Results with jack-knifed estimations are similar to those in our main models (see Table 3.5.). In sum, the results of the analysis using all country samples show that bureaucratic closedness is negatively associated with innovation outputs, lending full support to our hypothesis. Countries with more open bureaucracies are more likely to have higher levels of innovation outputs, when other factors are controlled for.

Table 3.4. Relationship between bureaucratic closedness and innovation outputs and inputs

Dependent variable	Innovation outputs		
	Model 1	Model 2	Model 3
Independent variable			
Closed bureaucracy	-3.01 (1.09)**	-2.98 (1.11)**	-2.86 (1.05)**
Control variables			
GDP per capita (Ln)	8.58 (.75)***	5.40 (1.47)**	4.28 (1.45)**
Democracy status		1.49 (.52)**	1.50 (.49)**
Corruption perceptions index		.08 (.09)	-.00 (.09)
Expenditure on R&D			3.26 (1.29)*
Constant	-29.65 (8.52)**	-16.17 (9.75)	-5.71 (10.07)

N	47	47	47
Adjusted R2	.75	.80	.82
Prob > Chi2	--	--	--

Robust standard errors in parentheses; *** p<0.001, ** p<0.01, *p<0.05

Table 3.5. National innovation outputs and bureaucratic closedness (all samples, jack-knifed estimates)

Dependent variable	Innovation outputs		
	Model 1	Model 2	Model 3
Independent variable			
Closed bureaucracy	-3.01 (.866)**	-2.98 (.100)**	-2.86 (.807)**
<i>Observations</i>	47	47	47
<i>R-squared</i>	.75	.80	.82

Robust standard errors in parentheses; *** p<0.001, ** p<0.01, *p<0.05

Post-communist nations sample

Regression analysis results for the entire sample of 47 countries demonstrate a statistically significant negative relationship between innovation outputs and bureaucratic closedness. To understand how these findings apply to the smaller subset of post-communist states, we will look at the descriptive statistics for the independent variable of bureaucratic closedness and the dependent variable of innovation outputs, along with a number of other predictors of national innovation outputs, for the post-communist states only, as reported in Table 3.6. In terms of performance in the GII, Czech Republic is in the lead, followed by Estonia, Hungary, Moldova and Latvia. Tajikistan, Kyrgyzstan and Albania are the poorest performers.

According to expert opinion, the most open bureaucracies in the post-communist region are Georgia, Czech Republic, Latvia, Tajikistan, and Ukraine, while Albania, Romania, Lithuania, Poland, and Russia, are the most closed. Estonia is leaning towards the more open end of the scale, while Moldova is inching towards the closed bureaucracy group.

The statistics summarized in Table 3.6. are somewhat inconsistent with our theoretical proposition that more open bureaucracies are associated with a higher level of national innovation outputs for the post-communist sample of countries. Three of the more open bureaucracies (Czech Republic, Estonia and Latvia) are in the top in terms of innovation outputs; however, the rest of the more open bureaucracies – Ukraine, Georgia, and Tajikistan demonstrate subpar performance. At the same time, Moldova, Bulgaria and Slovakia display good innovation performance despite being closed bureaucracies. Thus, our theoretical proposition cannot be supported due to the inconsistency of the results in the post-communist sample.

Table 3.6. Bureaucratic closedness, innovation outputs and factors affecting innovation in post-communist states

Country	GII Innovation output score	Degree of bureaucratic closedness	GDP per capita	Researcher headcount	Investment in research and development
Czech Republic	46.8	3.33 (2)	19744.6 (2)	4442	1.9 (2)
Estonia	46.3	4.07	19949.6 (1)	5906 (1)	2.2 (1)
Hungary	42.2	4.3	14201.4	3695	1.3 (3)
Moldova	42.1	4.66	2244.8	951	0.4

Latvia	40.4	3.60 (3)	15716.4 (5)	3557 (3)	0.7
Bulgaria	37.1	4.82	7853.3	2017	0.6
Slovakia	37	4.22	18629.8 (3)	4603	0.8
Romania	34.8	5.45	10020.3	1168	0.5
Russia	34.5	4.9	14125.9	2602 (5)	1.1 (4)
Ukraine	34.4	4.06 (5)	3104.7	1536	0.7
Poland	34	4.93	14342.4	2636 (4)	0.9 (5)
Lithuania	33.3	5.3	16545.1 (4)	5702 (2)	0.9 (5)
Armenia	32.7	4.57	3994.7	1504 (6)	0.3
Georgia	28	3.28 (1)	4429.7	1812	0.2
Kazakhstan	24.4	4.37	12807.3	713	0.2
Azerbaijan	21.8	4.52	7891.3	1292	0.2
Albania	20.4	5.59	4578.7	545	0.2
Kyrgyzstan	17.6	4.66	1279.8	411	0.2
Tajikistan	14.6	3.89 (4)	1104.5	200	0.1

Figure 3.1. Bureaucratic closedness and innovation outputs typology: post-communist states

Figure 3.1. is our attempt to summarise the degree of bureaucratic openness and the level of national innovative activities in the post-communist states covered in the QoG dataset. We used 30 as the cut off for the innovation outputs sub-index, and 4.5 – for the bureaucratic closedness score. Czech

Republic, Estonia, Hungary, Latvia, Slovakia and Ukraine, which have bureaucracies more open than those in Kyrgyzstan, Azerbaijan and Albania, also rank higher in terms of the innovation outputs sub-index. At the same time Moldova, Bulgaria, Romania, Russia, Poland Lithuania and Armenia, are high performers in terms of innovation despite their bureaucracies being more closed. Given our theoretical proposition that closed bureaucracies in the post-communist region are less likely to be high performers in national-level innovative activities, finding strong evidence to support this is proving problematic. Where globally the trend points towards a statistically significant association of bureaucratic closedness with innovation outputs, the post-communist region is less consistent.

In search of alternative explanations, it may be useful to turn to Table 3.4. for a closer look at some of the other determinants of innovation that may have contributed to the divergence in the post-communist region: wealth as expressed by GDP per capita, researcher headcount, investment in R&D as a share of GDP, and researcher headcount. There seems to be a link between investment in R&D as a share of the GDP (Cornell University et al., 2014) and the performance in terms of innovation output: all the countries at the top of the ranking invest more in R&D than those at the bottom the bottom sometimes by as much as tenfold. Researcher headcount (Cornell University et al., 2014) also seems to play an important role in boosting innovation performance with the exception of Moldova. Overall, it seems that policies which target innovation specifically, such as intensive investment and increasing the researcher headcount, do pay off,

with institutions taking the backseat. T-test comparison results show that the score differences are statistically significant ($p < .001$) for all countries in the post-communist sample.

One country stands out in the innovation output ranking. In the presence of its wealthier post-communist counterparts, Moldova emerges as the underdog of the GII. It does not demonstrate high scores in any of the variables we have chosen to test. The only variable that sets it apart from the countries at the bottom half of the ranking is a considerably larger investment in R&D. By contrast, Kazakhstan, which is both wealthier and bigger than Moldova, spends considerably less on R&D (OECD, 2017a). Even so, Moldova is behind Russia, Poland, and Lithuania in the level of investment in R&D and yet outperforms them in innovation outputs. A closer look at Moldova's performance in the innovation outputs sub-index shows that the country's high performance is attributed to several components: the number of patent, utility model and trademark applications filed by residents, as well as exports of information technology services, and cultural and creative services as a share of total trade (Cornell University et al., 2014). The country's high performance in patent applications can be explained by the fact that in 2014 many projects of fundamental and applied scientific research were completed and researchers focused more on the relevance of theoretical and practical scientific results and their implementation in the country's economy (Crudu & Percinschi, 2017). The following section will discuss some of the implications of our empirical findings.

Discussion

This study attempted to add to the growing, but not yet substantive body of research on the relationship between bureaucratic characteristics and national-level innovation (Suzuki & Demircioglu, 2019). Even more limited is our understanding of what affects development and in particular, innovation in the post-communist region with very few large-scale cross-national studies within the region carried out to date. To close both gaps this chapter looked at the empirical association between bureaucratic closedness and innovation in the post-communist region, in our pursuit of reliable evidence on the importance of bureaucratic characteristics for national-level innovation activities

The results of this research demonstrate that, when analysed at a global level, there is a negative empirical association between bureaucratic closedness and innovation outputs at the national level. In line with our hypothesis that countries with more closed bureaucracies are more likely to be active at national-level innovation, the findings indicate that there is a statistically significant negative association in the presence of a number of important control variables.

However, a detailed study of the statistics for the post-communist region reveals the uneven picture of national-level innovation activities and its association with bureaucratic closedness. Countries with more open bureaucracies such as Czech Republic, Estonia, and Latvia are high performers, although closed bureaucracies such as Moldova, Bulgaria, and Slovakia also display high innovation scores. The inconclusive nature of the quantitative evidence for the post-communist countries calls for analysis of some other

possible explanations for the divergence in innovation performance, pointing to two insights.

First, a closer look at such predictors of innovation outputs suggests that the innovation strategies pursued by countries in the region may have proved effective due to a number of factors, of which bureaucratic setup is but one element. Of these, the investment in the R&D component of innovation policy has a major impact on how well the country performs in terms of national-level innovative activities, according to the data used in this analysis. Even poorer countries like Moldova, perform better due to the strategic allocation of resources and targeted innovation funding. Future research in this direction needs to address the combined effects of different determinants of innovation rather than looking at them independently and ignoring possible connections between them (De Vries et al., 2016).

Second, some countries in the region recognise the advantages of the open civil service system with less strict, formalised recruitment procedures and a higher flexibility in hiring. This is especially pertinent in smaller countries like the Baltic states, where the consequences of brain drain may be especially tangible. Opening up the civil service to a wider pool of candidates and moving towards more private-sector-like human resource management practices, such as performance management and pay for performance is high on the agenda in Armenia, Kazakhstan, and Ukraine (OECD, 2017b).

One of the key take-aways from this analysis is that an effective national innovation policy is one which, in the context of economic circumstances and

technological change, allows the nation to leverage its institutional and cultural legacy and to “remedy, offset or work around its inherited weaknesses in order to exploit to the extent possible its potential for future sustainable economic growth and social well-being” (OECD, 2007, p. 199). Bureaucratic setup matters but so does the government’s commitment which translates into investment and consistency, coordination, and buy-in.

Our research on the post-communist region does not entirely support the findings based on the larger dataset of 47 countries, whereby bureaucratic closedness is negatively associated with innovation outputs. However, it does not follow that institutions do not matter. Rather, it may point to a need for more mixed-methods research as comparative research in smaller subsets and regions shows that global trends do not always hold. It calls for better quality case-studies which can demonstrate points of divergence and their reasons, with individual circumstances and context having a major significance. It may follow that while big-*n* analysis may tell us about a general trend, it may not yield particularly useful insights when it comes to the performance of individual nations, let alone providing detailed explanations for it.

The results of this study also have practical implications. One of the key insights is the importance of institutions and bureaucratic openness in particular, for national-level innovation. As the global analysis results show, there is a statistically significant negative association between national-level innovation activities and bureaucratic closedness. This points to the need to review some of the policies that national governments practice in attracting, promoting and

rewarding government employees who shape the innovation performance of the country. A closed system often results in a limited choice of civil servants, which may prove challenging in creating a conducive environment for innovation-friendly policies.

On the other hand, a snapshot of the post-communist region demonstrates that bureaucratic closedness alone does not make all the difference in the national innovation performance. Other policy measures, such as intensity of R&D investment, play a major role in stimulating innovation and signalling to businesses that harnessing domestic innovative practices is a priority for the government. R&D investment, in turn, depends on several important factors, such as geopolitical discourse, access to international aid, trade networks, and so forth (OECD, 2018). It is important not to overestimate the impact of bureaucratic structures on innovation performance. Among some other crucial factors cited as contributing to the quick adoption of innovation, such as e-government and reliance on information communication technologies, are political commitment to utilise digital government as a driver of overall government reform; a high level of buy-in to the government agenda by individual ministries; small country size, which favours the effectiveness of interpersonal and informal networks; as well as reliable infrastructure and a well-educated workforce – both inherited from the Soviet system (Asatryan, 2016; OECD, 2017a).

Limitations

We discuss several limitations that may have had an impact on the findings of our research. First, we relied on self-reporting measures in the QoG Expert Survey as our independent variable. Measures based on self-reporting are at risk of social desirability bias which cannot be completely excluded, leading to the overestimation of the results' statistical significance (Kim & Kim, 2013).

Second, the sample size of 47 countries may have increased the margin of error limiting the generalisability of our findings, which further translated into limited application of the global findings to the smaller post-Soviet subset. This issue may be addressed by future research.

Lastly, an issue that merits attention here is that of omitted variable bias. As it is not possible to control for all variables affecting national-level innovation, the findings may be an overestimation of the impact of bureaucratic closedness on innovation.

Conclusion

In this chapter we demonstrate the empirical association between bureaucratic closedness and the innovation performance at the national level, using both the global dataset and a smaller subset of post-Soviet countries. We find empirical evidence to our theoretical proposition that post-Soviet states which display some features of bureaucratic closedness, characteristic of the Soviet administrative tradition, are less likely to be high performers in national-level innovative activities. In trying to understand why innovation performances differ across the post-Soviet states, our goal was to provide meaningful

explanations for development divergence in this under-researched region, more than two decades after the dissolution of the Soviet Union.

Our analysis demonstrates a statistically significant negative association between bureaucratic closedness and innovation performance in a global dataset. However, the findings are inconclusive for the post-Soviet region, as some countries with closed civil services have performed better in terms of innovation outputs than their counterparts with more open bureaucracies. A closer look at several post-Soviet states provides an additional insight into the determinants of innovation performance and the effect of path dependency and the Soviet heritage on fostering innovation. R&D investment plays a major role in determining innovation success in several post-Soviet states.

While the relationship between bureaucratic openness and innovation in the post-communist region does not exactly follow the global trend, the ongoing conversation about the need to reform the government towards greater openness and flexibility points to the recognition of the important and beneficial nature of bureaucratic openness and more choice when it comes to human capital.

Chapter 4

ESSAY 3: BUREAUCRACY, AUTONOMY, AND INTRINSIC MOTIVATION

Introduction

In the previous two chapters we explored how the characteristics of Soviet-style administration affect country-level performance and development. We attempted to demonstrate how the lack of meritocratic recruitment and political autonomy of bureaucrats, inherited by post-communist states, is related to national capacity to provide high-quality public goods. In this chapter, we aim to understand how bureaucratic features associated with Soviet-style administration affect job outcomes of public sector employees in post-communist countries.

Post-communist countries retained some of the bureaucratic characteristics, as well as the bureaucrats themselves, from their predecessor state – the Soviet Union (Meyer-Sahling, 2009; Roots & Karotom, 2002). Despite a decisive course towards public administration reform that would see old structures dismantled and a new model emerging, most post-communist states still display some of the features of Soviet-style administration, including a highly politicised civil service (Meyer-Sahling, 2011; Randma-Liiv & Drechsler, 2017; Verheijen, 1999). This is true even for some Central and Eastern European (CEE) countries, which in pursuit of alignment with the European Union (EU), adopted governing principles of the EU public administration, but saw a reversal in their policies after accession (Meyer-Sahling, 2011; Randma-Liiv & Drechsler,

2017). Existing academic insight into post-communist bureaucracies attribute these developments to a considerable degree of path dependence in government administration in these countries (Meyer-Sahling, 2006; Wheatley, 2017), primarily manifested in the post-communist states retaining some of the characteristics of Soviet-style administration (Dimitrova, 2010; Grzymala-Busse, 2007; Meyer-Sahling & Mikkelsen, 2016).

Despite the rich literature on the characteristics of Soviet-style administration and its hypothesised impact on the politics-administration dichotomy, as well as the outcomes for ordinary citizens, we still lack empirically-driven insight into the impact of the Soviet administrative culture and its legacy in post-communist states on individual public sector employees, namely, their work attitudes. While there have been numerous academic attempts in the two decades following the collapse of the Soviet Union to analyse the association of Soviet bureaucratic characteristics with pathways of national development and domestic institutional reforms, few studies explore the impact of Soviet-style government administration on work motivation of public sector employees (see Houston, 2014). This is an unfortunate oversight, as more evidence on the drivers of behaviour in the post-communist public sectors may shed light on the individual cognitive and affective reactions to work environments, such as job satisfaction, work-related stress, commitment and engagement, which ultimately contribute to better performance and overall development (Breugh et al., 2018; Bright, 2007; Lewis & Frank, 2002; Steijn, 2008; Vandenabeele, 2009; Wright et al., 2017).

For example, as discussed throughout the earlier chapters of this thesis, one of the most prominent features of Soviet-style administration is the lack of managerial autonomy and blurred lines between politics and administration, expressed as political interference in the day-to-day bureaucratic decision-making. This is reflected in the numerous accounts attempting to analyse the bureaucracy of the now defunct Soviet Union (Bearfield, 2009; Blunt et al., 2012; König, 1999). Thus, of particular interest, is the specific way in which the lack of managerial autonomy and a high level of political interference affect individual employees' intrinsic motivation, which is closely associated with positive work outcomes, such as job satisfaction, organisational commitment, work performance and employee well-being (Judge & Bono, 2001; Locke, 1976).

In this regard, a relatively recent migration of the self-determination theory (SDT) (Ryan & Deci, 2000) insights from psychology to public management, is an important development, leading to a growing recognition of the importance of three basic psychological needs and their fulfilment for employee well-being, positive affect, commitment, and performance (Gagne et al., 2010; Tremblay et al., 2009). Perceived fulfilment of the three basic needs of autonomy, competence, and relatedness underpin intrinsic motivation, and have become important research themes in themselves. For example, the concept of autonomous motivation, of which intrinsic motivation is one type, has received widespread attention as beneficial for effective task performance and employee well-being (Blais et al., 1990; Chen & Bozeman, 2013; Hayamizu, 1997; Jensen & Bro, 2018).

To date, this research agenda has not managed to effectively penetrate the post-communist research domain. Our search of the academic literature yielded few studies which feature post-communist countries in the context of studying the motivation of public sector employees or motivations for public service. In the studies that do address this important facet of public sector employment, public service motivation (PSM) (Perry & Wise, 1990) is the framework of choice. The major finding that unites these studies is their agreement on the impact of the deeply-entrenched Soviet-style administrative ethos on the motivations of public officials, the non-participatory character of the civil service, and the notion of public interest, which is differently interpreted by public officials in post-communist countries as compared to their counterparts elsewhere in the world (Gans-Morse et al., 2020; Houston, 2014; Nezhina & Barabashev, 2017). The research on intrinsic motivation and autonomy in the post-communist public sector context is non-existent in English language publication outlets. The body of scholarship on intrinsic motivation in the Russian language is confined to the domains of education and labour psychology, with no studies set in the public sector context of the post-communist countries.

This theoretical void calls for an examination of autonomy and intrinsic motivation in the challenging context of the newly independent post-communist states, which have retained some characteristics of the limited-autonomy, rigid-hierarchy Soviet administration. To this end, in this chapter we aim to investigate the effect of the post-communist context on perceived autonomy fulfilment and the intrinsic motivation of public sector employees. Our study is largely guided

by the following research question: “What is the relationship between being a public sector employee in the post-communist context, perceived autonomy fulfilment, and intrinsic motivation?” We hypothesise that in a work environment as challenging as that of the post-communist public sector, employees may struggle to be intrinsically motivated because of compromised autonomy (Ryan & Deci, 2000). In our analysis, we will utilise the dataset by the International Social Survey Programme (ISSP) Work Orientations IV module (ISSP, 2015), which covers 37 countries globally, including nine formerly communist states.

This study expands the existing scholarship in several important directions. The first contribution is to a generally lacking body of research on the effect of contextual variables, such as institutions, on employee work attitudes in a non-Western context (Van der Wal, 2015). Second, this study helps improve our understanding of post-communist states and the specific work motivations that these settings may foster (Houston, 2014). Third, this study sets out to expand the existing scholarship on comparative public administration research (Meier et al., 2017; Suzuki & Demircioglu, 2019). Finally, this study expands the boundaries of SDT application into the public administration discipline, especially in the realm of the relationship between autonomy and intrinsic motivation, which is currently missing.

The structure of this chapter is as follows. We begin with the discussion of the study setting, followed by the theoretical framework underpinning our study. Then we cover the methodology used in our study. After that, we present our findings, followed by a discussion of the theoretical and practical

implications of. We then provide concluding remarks and discuss the limitations of our study.

The study setting

In our use of the post-communist context and its categorical differentiation from public sector contexts in other countries, we relied on the classification of administrative traditions by Painter and Peters (2010). This approach distinguishes between groups or families of countries sharing common administrative legacies based on geographical, historical, and cultural considerations. These include Anglo-American, Napoleonic, Germanic, Scandinavian, Latin American, postcolonial South Asian and African, East Asian, Soviet, and Islamic administrative traditions. All of these groups, except for the Islamic administrative tradition, are represented in the dataset we are using in this chapter. In order to verify our assumption that the countries grouped under the Soviet administrative tradition are distinct from the countries in other groups along the selected variables, we conducted a one-way analysis of variance on the main variables of interest (see Table 4.1.). The results of our analysis show that the difference between administrative traditions in the dataset and the Soviet administrative tradition is significant enough to merit further investigation.

Table 4.1. One-way analysis of variance results comparing administrative traditions on perceived autonomy fulfilment and intrinsic motivation

Variables	<i>Perceived autonomy fulfilment</i>	<i>Intrinsic motivation</i>
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Anglo-American (n=631)	3.911 (.957)	4.456 (.604)
Napoleonic (n=577)	3.721 (1.026)	4.683 (.488)
Germanic (n=506)	4.265 (.740)	4.561 (.591)
Scandinavian (n=1,122)	4.107 (.878)	4.575 (.564)
Latin American (n=566)	3.820 (1.311)	4.606 (.600)
Postcolonial South Asian/African (n=223)	3.646 (1.038)	4.350 (.737)
East Asian (n=368)	3.334 (1.274)	4.198 (.689)
Soviet (n=1,459)	3.506 (1.111)	4.389 (.684)
Other (n=552)	3.679 (1.083)	4.435 (.722)

Note: all means are different at $p < 0.001$; category “Other” refers to countries not included in Painter and Peters (2010) classification of administrative traditions

The essence of Soviet-style administration, by Painter & Peters (2010) is best reflected by the lack of clearly delineated boundaries between politics and administration; virtual absence of merit as an appointment criterion resulting in low levels of professionalism and commitment to serve the public interest; and discreetly condoned semi-legal corrupt activities (Darden, 2008; Goetz, 2001; Houston, 2014; Knox, 2008; Kotchegura, 1999). Bureaucratic structures were part of a rule-based command system (Jacobsen et al., 2014) designed by the communist party to exercise control, rather than address the needs of citizens (Baker, 2002), while refusal to be responsive was punished, for example with dismissal, leaving little to no room for managerial autonomy. Thus, civil servants were seen as indifferent and corrupt servants of the communist party rather than defenders of the public interest (Baker, 1994, p. 55; Kotchegura, 1999). It could

be argued that most bureaucratic systems rely on an elaborate structure of controls necessitated by administrative accountability (Romzek & Dubnick, 1994; Shafritz & Hyde, 1997). However, the rule-based command system of Soviet-style administration represents an extreme case, a much less benign relative of the Weberian bureaucracy. In Soviet-style administration accountability was not the driving force behind checks and balances, but rather, the ambition of the communist party to exert control over the *nomenklatura* cadre (Baker, 2002; Jacobsen et al., 2014).

Since gaining independence, post-communist states took steps to dismantle the structures of the past, in favour of meritocratic bureaucracies which would be sensitive to the needs of the population (Bouckaert et al., 2011). However, overall politicisation of the civil service and lack of managerial autonomy remain a substantial problem in some post-communist countries (Bouckaert et al., 2011; Dimitrova, 2010; Grzymala-Busse, 2007; Meyer-Sahling & Mikkelsen, 2016). Even as the effort is taken to professionalise the civil service and enforce merit-based recruitment, the possibilities of circumventing competitive recruitment find their way into legislation (Meyer-Sahling, 2011). Most reformers had to work in the context of a clunky public administration system inherited from the communist regime, and comprised of bureaucrats largely averse to change (Baker, 2002; Neshkova & Kostadinova, 2012). This is largely attributed to the inherently path dependent nature of civil service systems, which due to their deep entrenchment in specific legal orders (Bezes & Lodge, 2015), makes them extremely challenging to reverse.

Further, even the CEE countries, which initially adopted a proactive approach towards modelling their civil service systems after EU best practices, seem to have reverted to a politicised mode post-accession, especially with the entrance of new coalition governments (Bouckaert et al., 2011; Randma-Liiv & Drechsler, 2017). Outside the EU, success in efforts to depoliticise the civil service has been even more limited, not in the least due to the absence of the EU policy conditionality and the high incidence of, and tolerance for, administrative corruption and nepotism (Janenova and Knox, 2017; Liebert, 2014; O'Connor, Knox & Janenova, 2019), enabling the ruling political elites to utilise their power for rent-seeking purposes.

It is therefore hardly surprising that the public sector in post-communist countries presents few opportunities for public sector employees to satisfy their prosocial and intrinsic work needs, instead placing stronger emphasis on commitment to the party interests and the needs of the political principals (Goetz, 2001; Kotchegura, 2008). In the post-communist context deviation from rules set by the ruling elite would result in sanctions, eliciting high responsiveness of bureaucrats to politicians rather than citizens. This considerably undermines the managerial autonomy of bureaucrats, particularly in the context of rule-based constraints, red tape and a high level of political interference where public sector employees are unlikely to have a high level of autonomy need fulfilment (Van der Wal et al., 2008). However, to this day there is no definitive answer to the question: how does the post-communist context relate to autonomy and intrinsic motivations of public sector employees?

Theoretical framework

Autonomy and intrinsic motivation

According to SDT, autonomy is one of the three basic psychological needs alongside competence and relatedness, that are important for motivation and well-being (Deci & Ryan, 2000; Gagne & Deci, 2005). Autonomy refers to the experience of having freedom and the volition to choose from a set of options, for example, having a choice about one's work and its organization (Deci & Ryan, 2000; Stone, Deci & Ryan, 2009; van den Broeck et al., 2010).

In their study of organisational autonomy, Verhoest et al. (2004) identify at least six types of autonomy: managerial, policy, structural, financial, legal, and interventional autonomy. Of utmost relevance to autonomy in the public sector employment context is that of managerial and interventional autonomy, whereby the former refers to the ability of managers to make independent decisions, while the latter signifies the degree to which politicians influence the day-to-day decision-making process of bureaucrats (van der Voet & Van de Walle, 2018).

Indelible from the concept of autonomy is that of intrinsic motivation, which occurs when the needs for autonomy, competence, and relatedness are fulfilled, leading to self-determined behaviour (Ryan & Deci, 2000). Individuals experience intrinsic motivation when they find their work enjoyable, interesting, and challenging (Amabile, 1993). In the SDT conceptualisation of autonomous motivation as a continuum, which includes not only intrinsic motivation, but also integrated and identified motivation types (Ryan & Deci, 2000), intrinsic

motivation represents the most autonomous behaviour regulation when activity performed is the result of satisfaction and pleasure derived from it (Ryan & Deci, 2000). In other words, satisfied need for autonomy is an essential pre-requisite for intrinsic motivation.

The research on autonomy and motivations in the public sector of post-communist states is scant. In the studies that do address these important facets of public sector employment, public service motivation (PSM) (Perry & Wise, 1990) is the framework of choice. One of the most prominent studies on the subject to date is by Houston (2014), whose findings point to the weak role of prosocial motivation in post-communist states, which are still struggling with the administrative culture inherited from Soviet times (p. 856). Houston (2014) argued that the entire concept of prosocially motivated public sector employees rests on the assumption of a Weberian public administration system, whose primary attributes are merit, professionalism and impartiality, a clear politics-administration dichotomy, and a strong public service ethos (Goran, 2009; Houston, 2014). This is echoed by Gans-Morse et al. (2020) in their study of PSM in Russia and the argument they put forth that in post-communist states public service ethos may be less pronounced, and the notion of public interest may be interpreted by public officials differently from their counterparts elsewhere in the world. Nezhina and Barabashev (2017) describe the Russian public service as “non-participatory” and thus, poorly aligned with PSM. Elsewhere, the literature on post-communist contexts discusses the degrees of bureaucratic decision-making autonomy but only at the institutional level (Baimenov & Janenova,

2019; Baimenov & Liebert, 2019; Dukenbaev & Tanyrykov, 2001; Knox, 2019; Rystina et al., 2017). The common theme in these studies is the lack of a pronounced divide between the political and the administrative, resulting in the low level of bureaucratic autonomy which leads to corruption and nepotism.

Despite attempts to reform civil service systems in both CEE countries and former Soviet Union member states, existing analyses point to a still prevalent situation of low managerial autonomy in the post-communist region, while the level of political interference is still quite high (Bouckaert et al., 2011; Meyer-Sahling, 2009; Neshkova & Kostadinova, 2012; Randma-Liiv & Drechsler, 2017). This would mean that perceived autonomy fulfilment of public sector employees in this context is unlikely to be high, as employees experience political interference in the decision-making process. This would in turn undermine their intrinsic motivation, as the need for autonomy is not fully satisfied. Based on this, we propose the following hypotheses:

H_{1a}: Public sector employment in the post-communist context is negatively associated with perceived autonomy fulfilment.

H_{1b}: Public sector employment in the post-communist context is negatively associated with intrinsic motivation.

Perceived autonomy fulfilment as a mediator?

The link between autonomy and intrinsic motivation is well-established in SDT: fulfilled needs for autonomy, alongside the needs for competence and relatedness, results in intrinsically motivated behaviour in individuals (Ryan &

Deci, 2000). Extant research proposes that the relationship is causal: higher autonomy satisfaction activates intrinsic motivation and is fundamental to its emergence (Gagne & Deci, 2005; Deci et al., 1989), while thwarting autonomy would result in damage to motivation and well-being (Ryan & Deci, 2020).

The theoretical frameworks regarding Hypotheses 1a and 1b may lack explanatory power because they propose that being a public sector employee in the post-communist context affects autonomy or intrinsic motivation in isolation. This prompts the question of whether autonomy mediates the relationship between public sector employment in the post-communist context and intrinsic motivation. Given the established relationship between autonomy fulfilment and intrinsic motivation, it may be that intrinsic motivation is influenced by autonomy, which is in turn negatively associated with the public sector employment in the post-communist context.

Limited room for autonomous decision-making in the post-communist public sectors leads to a diminished sense of autonomy, which compromises intrinsic motivation. Empirically this argument is supported by a number of studies from SDT (Gagne & Deci, 2005; Ryan & Deci, 2000) and the general human resource management literature (Breugh, Ritz & Alfes, 2018; Bright, 2007; Hackman & Oldham, 1975; Lewis & Frank, 2002; Steijn, 2008, among others). Given the theoretical framework and some existing empirical evidence, we propose:

H₂: Public sector employment in the post-communist context has an indirect, negative effect on intrinsic motivation through its influence on perceived autonomy fulfilment.

Data and methods

Data and measures

We used the dataset of the International Social Survey Programme (ISSP) entitled “2015 Work Orientations IV module” (ISSP, 2015). The data was collected from 37 countries globally. There are nine post-communist countries in the dataset: Czech Republic, Estonia, Georgia, Hungary, Latvia, Lithuania, Poland, Russia, and Slovak Republic. In each country, surveys were conducted in 2015 using a standard universal questionnaire. The survey was administered face-to-face. The sampling technique used was multi-stage stratified probability sampling. According to the country reports published by the ISSP, some of the groups in the dataset are underrepresented while some are overrepresentedⁱ. These mainly concern age and gender. Where possible, data imputation was conducted. Only full-time public sector employees at the time of the interview are retained for our analysis. All of the variables we are using from the ISSP dataset are single-item measures. Below is a summary of items used to measure each of the concepts employed in this study.

Our independent variable (IV) – post-communist context – is a dummy variable, where 1=post-communist country (Czech Republic, Estonia, Georgia, Hungary, Latvia, Lithuania, Poland, Russia, and Slovak Republic); 0=all other

countries in the dataset. Our dependent variable (DV) – intrinsic motivation – is measured using a single item, which involves asking respondents how important to them having an interesting job is to them. Responses are given on a 5-point scale ranging from “Not important at all” to “Very important”. The mediator variable (MV) – perceived autonomy fulfilment – is measured with a single-item ordinal measure, which involves asking respondents whether they can work independently in their job. Responses are given on a 5-point Likert scale: from “Strongly disagree” to “Strongly agree.”

Methodological limitations associated with using secondary data explain our reliance on the single-item measures for intrinsic motivation and perceived autonomy fulfilment. These are not as rich as multi-item scales, however, similar items from the ISSP dataset were previously used in several studies to explore employee attitudes and motivations (Houston, 2014; Kim, 2017; Vandenabeele & Van de Walle, 2008).

We use several demographic variables as controls, including age, education (6 = advanced postgraduate degree; 0 = no formal education), gender (male = 1; female = 0), supervision of employees (yes=1; no=0). Descriptive statistics for the entire sample are presented in Table 4.2. The sample size for the study is 6,004 full-time public sector employees.

Table 4.2. Descriptive statistics.

Variables (n=6,004)	Mean	SD	Min	Max
Perceived autonomy fulfilment	3.786	1.081	1	5
Intrinsic motivation	4.485	.640	1	5
Control variables				

Gender	.389	.487	0	1
Age	42.13	14.649	continuous	
Education	4.176	1.482	0	6
Supervisory responsibilities	.263	.440	0	1

Descriptive statistics are presented in Table 4.3., along with t-test results for two subsamples – post-communist countries and non-post-communist countries. In the post-communist sample 33.3 percent are male and 17.2 percent have supervisory responsibilities at work. The mean age for the sample is 44.9 years and on average a respondent had some form of post-secondary education. In the non-post-communist sample 40 percent are male and 29.3 percent have supervisory responsibilities at work. The mean age for the sample is 41.2 years and on average a respondent had some form of post-secondary qualification.

Table 4.3. T-tests for post-communist and non-post-communist country groups

Variables	Scale	Post-communist (N=1,459 individuals; 9 countries)	Non-post-communist (N=4,545 individuals; 28 countries)	T statistic	df
Perceived autonomy fulfilment	1/5	3.506*** (.029)	3.875*** (.016)	11.461	6002
Intrinsic motivation	1/5	4.389*** (.018)	4.516*** (.009)	6.632	6002

Note: *** p<0.001

Data analysis

Prior to selecting the method of inquiry, we checked the intra-class correlations of the variables. This is required to estimate the level of variance in the observed variable resulting from its membership in the cluster which may

denote the need for multilevel analysis. In our case, the intraclass correlations ranged from 7% for intrinsic motivation to 16.8% for autonomy, indicating the clustering of data and suggesting a need for multilevel analysis.

The mediation models (Figure 4.1.) were estimated using multilevel modelling (MLM), which is a common way of assessing mediation effects with clustered data. In our case the IV – post-communist context – is a Level 2 (country-level) variable, with individuals nested within countries, whereas the rest of the variables – mediator and DV – are at Level 1 (individual-level). We fitted a 2-1-1 multilevel mediation model using Mplus version 7.2 (Muthén & Muthén, 2017) which is capable of estimating random indirect effects and corresponding standard errors (Bauer, Preacher, & Gil, 2006). In addition, we relied on the Monte Carlo method was to estimate confidence intervals (CI) for the hypothesized multilevel mediated relationships to determine their significance (Preacher, Zyphur, & Zhang, 2010).

Our results were consistent both with and without the control variables, which is why we report our findings without controls (Gould-Williams et al., 2015; Williams, Vandenberg, & Edwards, 2009). We checked the data for normality: the skewness and kurtosis values were less than 2, suggesting the data did not violate the normality assumption (Curran, West, & Finch, 1996). Post-communist context was entered as a Level 2 predictor (X), perceived autonomy fulfilment (M) as a Level 1 mediator and intrinsic motivation (Y) as a Level 1 outcome (Figure 4.1.). Effect parameters were based on maximum likelihood estimation with robust standard errors. MLM within-level effects refer to

individual changes. Between-level effects refer to inter-individual differences based on the country clusters.

Figure 4.1. Research framework.

Findings

The results of the zero-order correlations between the variables are presented in Table 4.4. Post-communist context is negatively and significantly correlated with both perceived autonomy fulfilment and intrinsic motivation. Perceived autonomy fulfilment and intrinsic motivation are strongly positively correlated.

Table 4.4. Correlation matrix

	Variables	1	2	3	4	5	6	7
1	Post-communist context	1						
2	Perceived autonomy fulfilment	-.15***	1					
3	Intrinsic motivation	-.08***	.16***	1				
4	Age	.11***	-.02	-.06***	1			

5	<i>Gender</i>	-.06***	.00	-.04**	.02	1		
6	<i>Education</i>	.02	.08***	.17***	-.09***	-.09***	1	
7	<i>Supervision of employees</i>	.12	-.10***	-.08***	-.07***	-.14***	-.14***	1

Note: *** p<0.001, ** p<0.01, *p<0.05

Test of common method bias

Drawing the data from surveys presents potential for common method bias (CMB). The data in our study was collected from the same source, thus threatening the validity of the conclusions about the relationships between variables used in the study (Podsakoff et al., 2003). We use Harman's single-factor test to estimate the extent of the CMB threat. We run principal components analysis for all items constrained to a single factor. This produced a variance of 34% on the first factor, which is below the acceptable maximum threshold of 50% of total variance (Podsakoff et al., 2003). We acknowledge, that the results of this test do not completely rule out the possibility of CMB, however, they may suggest that the CMB threat may not be too serious.

Testing hypotheses

Model fit statistics indicate a good fit to the data ($\chi^2(4) = 94.01, p < 0.000$; CFI=1.00; TLI=1.00; SRMR=0.00). We present the results of the mediation analysis in Table 4.5.

Table 4.5. Post-communist context effects on job satisfaction via perceived autonomy fulfilment and intrinsic motivation (n=6,004), unstandardized coefficients

Outcome: intrinsic motivation	Estimate	SE	p	LL	UL
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<i>Post-Soviet context</i>	-.04	.06	.53	-.13	.06
<i>Perceived autonomy fulfilment</i>	.20	.06	.000	.10	.29
Outcome: perceived autonomy fulfilment					
<i>Post-Soviet context</i>	-.31	.15	.04	-0.56	-0.06
Total, Direct and Indirect Effects					
Post-Soviet context to intrinsic motivation	Estimate	SE	p	LL	UL
<i>total</i>	-.10	.06	.10	-.00	.01
<i>direct</i>	-.04	.06	.53	-.13	.06
<i>indirect via perceived autonomy fulfilment</i>	-.06	.02	.01	-.10	-.02

As predicted in Hypothesis 1a, being a public sector employee in the post-communist context is negatively associated with perceived autonomy fulfilment ($\beta = -.31$; $p < .05$; see Table 4.5.). Hypotheses 1b states that being a public sector employee in the post-communist context is negatively associated with intrinsic motivation, which is not confirmed as the path coefficient is not statistically significant.

Hypothesis 2 states that perceived autonomy fulfilment mediates the path between being a public sector employee in the post-communist context and the intrinsic motivation. Our findings indicate that, the path between perceived autonomy fulfilment and intrinsic motivation is positive and statistically significant ($\beta = .20$; $p < .01$; see Table 4.5.). The values for CI for the indirect effect did not include zero for intrinsic motivation. Further, the indirect effect from

being a public sector employee in the post-communist context on intrinsic motivation through perceived autonomy fulfilment is negative and statistically significant ($\beta = -.06$; $p < .05$; see Table 4.5.). Coupled with the statistically insignificant direct effect from being a public sector employee in the post-communist context to intrinsic motivation we confirm that perceived autonomy fulfilment fully mediates the relationship between public sector employment in the post-communist context and intrinsic motivation. In other words, individual employees in the post-communist public sector demonstrate lower perceived autonomy fulfilment, which decreases intrinsic motivation. The proportion of the total effect of being a public sector employee in the post-communist context that is mediated through perceived autonomy fulfilment and intrinsic motivation was 0.06 (95% CI: .10, .02, in absolute values), meaning that 6% of the effect of public sector employment in the post-communist context on intrinsic motivation occurs indirectly through perceived autonomy fulfilment.

As it is not possible to produce R^2 for model estimating random effects, we utilised Snijders and Bosker's (1999) method of calculating pseudo- R^2 . This involves estimating the proportional reduction of individual level and country level errors attributable to including predictors in the model. Predictors accounted for 31.9% of the total variance in intrinsic motivation, suggesting that country-level variable of the post-communist context and individual level variable of perceived autonomy fulfilment are able to explain the variance in intrinsic motivation.

Discussion

In this chapter we aimed to investigate whether being employed in the public sector of a post-communist state affects perceived-autonomy fulfilment and intrinsic motivation of individuals. In our analysis of the hypothesised relationships, we looked at both the direct effect of the post-communist context on perceived autonomy fulfilment and intrinsic motivation respectively, as well as the mediation model, where perceived autonomy fulfilment serves as a mediator of the relationship between post-communist context and intrinsic motivation.

Our findings confirm two out of three of our hypotheses, which has important theoretical and practical implications for public sector employment in post-communist states. First, our study demonstrates that post-communist context has a negative correlation with both perceived autonomy fulfilment and intrinsic motivation. This is supported by the results of the t-test, which demonstrate that the levels of perceived autonomy fulfilment and intrinsic motivation of public sector employees are lower in the post-communist context than in the other countries in the sample. Second, the indirect effect of public sector employment in the post-communist context on intrinsic motivation through perceived autonomy fulfilment is negative and significant, accounting for 6% of the effect on intrinsic motivation. In other words, individual employees in the post-communist public sector demonstrate lower perceived autonomy fulfilment, which in turn decreases intrinsic motivation.

Our findings have important implications for theory. First, previous studies (König, 1999; Meyer-Sahling, 2011; Randma-Liiv & Drechsler, 2017; Verheijen, 1999) demonstrated the conditions under which public sector employees in Soviet-style administration operate – red tape, political interference and nepotism – without providing empirical evidence of behavioural implications for public sector employees in these countries. In a way, our findings on the negative association between perceived autonomy fulfilment and intrinsic motivation and being a public sector employee in the post-communist context echo the insights from Houston's (2014) study on prosocial motivation in post-communist states. Where he failed to find the correlation between public sector employment and a preference for an interesting job, which is an intrinsic work motive, we demonstrate that intrinsic motivation is in fact negatively correlated to public sector employment in the post-communist context. Thus, our findings provide additional backing to the argument that Soviet-style administration cultivates practices which undermine autonomy and intrinsic motivation of public sector employees (Baker, 2002; Kotchegura, 1999; Neshkova & Kostadinova, 2012).

Second, our finding on the mediating role of perceived autonomy fulfilment is consistent with the general assertion that fulfilled need for autonomy is positively associated with intrinsic motivation (Breugh & Ritz, 2017; Gagne et al., 2010; Ryan & Deci, 2000) and suggests that public sector employees whose autonomy is undermined will experience compromised intrinsic motivation. This finding is significant because previous studies in psychology have shown that

autonomy leads to intrinsic motivation in the general work context (Gagne et al., 2010; Tremblay et al., 2009), but as of yet, there are no studies that considered how the two function together in this relationship in the public administration research.

Third, our findings emphasise the importance of the administrative context in the relationship between autonomy and intrinsic motivation. Although our limited data do not allow us to offer a definitive explanation for the precise extent of the impact of the Soviet-style bureaucracy in post-communist states, nor the ways in which it influences intrinsic motivation, we speculate that the general environment of red tape, rule constraints, and political interference may have a role to play. In our attempt to emphasize the importance of context we tried to build on the work of Meier and O'Toole (2015) and Meier, Rutherford and Avellaneda (2017), who developed extensive theoretical and practical insights in their search for a holistic model of how the internal and external contexts of public organizations impact performance. Our study is one of the first steps in the scholarship on public sector management within the post-communist context, as well as one of the few efforts studying the impact of bureaucratic context on individual outcomes. However, we note that (a) the relationship needs more attention in the public administration literature and (b) outcomes may vary depending on the specific context in question.

This research offers practical insights for public sector managers and reform specialists in post-communist states. For example, it appears that public managers looking to raise the level of intrinsic motivation in their employees are

likely to be successful in their quest if they commit to addressing the issues of autonomy constraints and excessive red tape. One feasible way to achieve this preferred outcome is to “craft better bureaucratic rules” (Goodsell, 2000, p. 375) after a careful functional analysis. More drastic solutions would require efforts to depoliticise civil service and put tenure protection in place (Hur & Perry, 2020) both of which have significant implications for the political systems at large.

Conclusion

Due to data limitations stemming from the cross-sectional nature and non-experimental design of this research, the findings should be interpreted with caution. The causality cannot be established with certainty, even though we attempted to address the validity concerns associated with cross-sectional data using statistical controls. Future research relying on longitudinal design is needed to validate the causality claims. Second, although the test employed yielded a low level of CMB, we cannot completely rule out the possibility that the use of a self-administered survey may have exaggerated our results.

Despite these limitations, this chapter contributes to the existing scholarship about the impact of administrative contexts on individual public sector employees’ autonomy and intrinsic motivation. By testing the role of autonomy and intrinsic motivation both in the broad administrative settings of post-communist states, we hope to bring attention to the previously underexplored importance of context.

Future research should be encouraged to explore the potentially complicated mechanisms through which public sector employment in post-communist states influences individual performance and employee well-being. This can be done by exploring individual country cases, which have the potential to provide a richer, more detailed story on the concrete motivations and work environments of public sector employees in each post-communist country, allowing for an investigation of differences as well as to identify patterns of uniformity.

Another issue that looms large in post-communist states is the problematic public service ethos, which is not intuitive in the Soviet-style administration inherent to the newly independent post-communist states. The architecture and operationalisation of administrative culture is still heavily influenced by the bureaucratic characteristics which are part of their communist legacy (Houston, 2014). There is little evidence that further democratisation and alignment with Western-style public administration will bring these countries closer to the Weberian model of impartial meritocratic civil service, especially since evidence points to the reversal of some of these processes post-accession in several CEE countries (Meyer-Sahling, 2011; Randma-Liiv & Drechsler, 2017). As argued in the first essay, geopolitical considerations may play a significant role in shaping the trajectory of administrative culture development, providing an avenue for future research in this direction.

Chapter 5

CONCLUSION AND FUTURE RESEARCH

This thesis comprises three essays united by the empirical approach used to study bureaucracy in the post-communist context. These essays use secondary data from the Quality of Government (QoG) Expert Survey Dataset (Dahlstrom et al., 2015) and International Social Survey Programme (ISSP) (2015). As discussed at length in the first chapter of this thesis, post-communist states represent an interesting context for exploring the impact of bureaucracy due to their history of transition from Soviet-style administration to different types of administrative culture, depending on the chosen trajectory. In doing so, however, most of these states retained some of the features of Soviet-style administration (Liebert, 2014; Meyer-Sahling, 2006, 2011; Neshkova & Kostadinova, 2012; Roots & Karotom, 2002), as a manifestation of path dependency and the resilient nature of institutions. Studies on post-communist states demonstrate that there are certain bureaucratic characteristics that remain in place even in more advanced bureaucracies such as Estonia, Lithuania and some of the Central and Eastern European (CEE) countries (Houston, 2014; Kotchegura, 2008; Meyer-Sahling, 2006, 2011).

The level of analysis for the first two essays is national, while the third essay looks at individual public sector employees. The first essay explores the association of bureaucracy and its key characteristics with the quality of public good provision. The overarching framework used in this essay builds on the Weberian model of bureaucracy, which is characterised by impartiality,

meritocracy, and professionalism. The quality of public good provision is operationalized as the quality of higher education and quality of infrastructure, measured by the World Economic Forum Global Competitiveness Index (2015). The results confirm our hypothesis that bureaucracies which have Weberian features are more likely to provide public goods of higher quality. We further analyse the bureaucratic features in post-communist states and find that states which are pursuing a policy of rapprochement with the European Union (EU) are more likely to have bureaucracies modelled after the Weberian ideal type, while countries which are in close geographical and economic association with Russia have subpar bureaucratic institutions.

The second essay investigates the empirical link between bureaucratic closedness and national innovation activity. Bureaucratic closedness refers to insularity and hierarchy found in bureaucracies, which prioritise loyalty and seniority over performance. This is unlikely to be beneficial for innovation output as civil servants in such bureaucracies will be more cautious about expressing initiative and might lack creativity and experience gained in other sectors due to limited career mobility. Results confirm our hypothesis on the negative association between bureaucratic closedness and national innovation activity. We further analyse the data on innovation in post-communist states and find that the evidence for this empirical association in former Soviet countries is mixed. It is more likely that the major contributing factor to innovation in the post-communist context is expenditure on research and development.

The third essay aims to understand how bureaucratic features associated with Soviet-style administration affect intrinsic motivation of public sector employees in post-communist countries. We hypothesise that in the post-communist context public sector employees experience autonomy constraints associated with the Soviet-style administration, which compromises their intrinsic motivation. Using a multilevel mediation model, we find that the impact of the post-communist context on intrinsic motivation is partially mediated by autonomy. While we cannot claim the causal relationship between context, autonomy, and intrinsic motivation, we established an association which points out that a relationship exists, and it can to some extent be attributed to the countries in which these employees work.

Contribution

All three essays emphasise the strong empirical link between bureaucracy and its key characteristics and key outcomes in national development, and on a micro-level, increasing or decreasing motivations of individual public sector employees. Together, they represent an attempt at reappraising the importance of bureaucracy, especially that of the Weberian ideal-type model which emphasises impartiality, professionalism, and meritocracy. In doing so, this thesis aims to add to the growing scholarship on the significance of bureaucracy in shaping the way governments perform (Dahlström & Lapuente, 2017; Dahlström, Lapuente, & Teorell, 2011, 2012a; Evans & Rauch, 1999; Fukuyama, 2013; Olsen, 2008; Rauch & Evans, 2000; Rothstein & Teorell, 2008). However, despite the

importance of bureaucratic professionalism, openness, and impartiality, the way these characteristics affect government performance in certain regions of the world which have a complex history of the evolution of bureaucracy, is not well-known. The post-communist context chosen for this empirical investigation adds value to the results by demonstrating how Soviet bureaucratic characteristics, which are at odds with the ideal-type Weberian bureaucracy, might have affected post-independence government performance in these countries. In this regard, this thesis makes several theoretical, methodological, practical, and contextual contributions to the existing body of knowledge on public administration in general and on bureaucracy in particular.

First, few cross-country studies on bureaucracies use a comparative approach to studying bureaucracies (Brewer, 2004; Knack & Keefer, 1995; Mauro, 1995; Rauch & Evans, 2000; Rodrik, 1999; Van de Walle, 2005). All three essays utilise a comparative method, first analysing a set of countries available in the dataset and then zooming in on the post-communist states in more detail. The first two essays compare post-communist countries to each other along several dimensions, while the third essay compares post-communist states to other countries in the dataset. Cross-country comparison allows for a more compelling story and a more informed inquiry into patterns and regularities of bureaucratic features. This in turn stimulates reflection on the reasons behind both uniformity and divergence. At the same time, our findings indicates that comparative research in smaller subsets and regions shows that global trends do not always hold, which points to a need for more mixed-methods research. We

call for better quality case-studies which can demonstrate points of divergence and their reasons, with individual circumstances and context playing a major role. It may follow that while big-*n* analysis may tell us about a general trend, it may not yield particularly useful insights when it comes to the performance of individual nations, let alone provide detailed explanations for it.

Second, very few studies include post-communist countries in their target population (Brewer et al, 2007; Lee & Whitford, 2009; Nistotskaya & Cingolani, 2016; Rauch & Evans, 2000; Schuster, 2017; Walker & Brewer, 2008), and no study expressly investigates the bureaucracies of these countries, nor their importance for post-Soviet development trajectories. This thesis attempts to establish whether there is regional variation within the subset of post-communist countries in terms of bureaucratic characteristics, as well as common features which stem from a shared Soviet past. We find evidence that some countries in the former Soviet bloc, such as the Baltic states of Estonia, Latvia and Lithuania, as well as a number of CEE countries, have more professional bureaucracies and therefore, higher government performance. On the other hand, bureaucratic closedness, characteristic of Soviet-style administration, has a limited impact on national innovation in these countries. These findings point to a certain degree of intra-regional divergence in post-communist states. At the same time, an inquiry into the effect of Soviet bureaucratic practices on the job outcomes of individual public sector employees reveals that uniformity exists across these states, at least in the way public sector workers perceive their autonomy. The extent of the impact and embeddedness of Soviet bureaucratic characteristics remains to be

investigated further in future studies. However, this thesis is the first steppingstone which demonstrates that Soviet-style administration can be a source of both uniformity and divergence.

Third, this thesis highlights the limitations of the explanatory ability of bureaucratic characteristics. Most studies employ a one-dimensional analytical approach using a single framework for comparison (Brewer et al, 2007; Lee & Whitford, 2009; Nistotskaya & Cingolani, 2016; Rauch & Evans, 2000; Walker & Brewer, 2008). The first two essays in this thesis rely on two theoretical frameworks to understand the sources of variation in government performance and individual job outcomes. The findings of the first essay demonstrate that countries with Weberian bureaucracies tend to perform better in terms of public good provision. While this applies to the post-communist countries as well, we find that geopolitical considerations may also play a role, and that domestic politics is key in shaping the local reform agenda (Ademmer et al., 2016). The second essay finds that bureaucratic closedness does not predict variations in national innovation, while investment in research and development may have a closer association with innovation outputs. Overall, applying two explanatory frameworks proved to be an effective approach to investigating the association between bureaucracy and government performance.

Fourth, this thesis adds to existing scholarship on the virtues of Weberian bureaucracy (Nistotskaya & Cingolani, 2016; Rauch & Evans, 2000; Suzuki & Demircioglu, 2019) and the negative aspects of the Soviet-style administration (Houston, 2014; Meyer-Sahling, 2009; Neshkova & Kostadinova, 2012), by

demonstrating the empirical link between bureaucratic professionalism and quality of public good provision, and bureaucratic closedness and national innovation activity, in the first and second essay respectively. The third essay assumes a mirror approach and uses Soviet-style administration as the determinant of perceived autonomy of public sector employees, which in turn, affects their job outcomes. Overall, our findings support the argument put forth in earlier research that Soviet-style administration cultivates practices which undermine autonomy and intrinsic motivation of public sector employees.

Fifth, this study provides important lessons for practice, especially for post-communist states. In this regard, an important common theme that emerged throughout all three chapters of this thesis is the comparative disadvantage of the Soviet-style administration, characteristic of some post-communist states, for crucial components of government success. This is both a manifestation of the deeply embedded issues within the bureaucracies of these countries as well as a litmus test pointing to the need for improvement of bureaucratic deficiencies through emphasis on merit and qualifications in recruitment and promotion, depoliticising the civil service system, formalising the dismissal procedures, and tackling corruption.

Furthermore, the broader implications of the findings in all three essays can be extended to countries and systems far removed from the post-communist states. Regardless of the geographical, cultural, and historical context, professional and open bureaucracy is essential for the state to effectively carry out its core responsibilities. Merit-based selection and autonomy of bureaucratic

decision-making from the political oversight send a positive signal to the investors and aid agencies and increase citizen trust, which are indispensable for legitimacy and economic development. This points to the need to review some of the policies that national governments practice in attracting, promoting and rewarding government employees.

Finally, our findings demonstrate that government's success in steering the country's development is dependent not only on prevailing economic and political conditions, but also on its ability to leverage its institutional and cultural legacy while offsetting inherited blind spots and weaknesses, thus expanding its potential for growth and social development (OECD, 2018). Bureaucratic setup matters, but so does government's commitment to pursue growth and ensure transparency.

Limitations and future research

It is important to highlight the limitation of this research. We acknowledge five common problems throughout this thesis: lack of causality, endogeneity, external validity threats, common-source bias, and issues of comparability and conceptual equivalence.

First, this thesis was based on secondary data analysis, and did not rely on an experimental or quasi-experimental design. Further, we used only the cross-sectional secondary data and had no access to panel data, meaning that measuring changes in dependent variables over time was not possible. For example, we could not establish variability in bureaucratic characteristics in time, and thus it

was not possible to explore how these changes affected the quality of public good delivery, innovation, and job outcomes.

For this reason, this thesis avoids making sweeping statements about causality and does not claim that the three essays have found such. Estimating independent impacts of bureaucracy on outcomes may prove challenging since bureaucratic characteristics may correlate with other factors that have an impact on, or association with, government performance, such as wealth and corruption. Our aim was to establish and discuss a positive association between bureaucratic features and the outcomes related to government performance. This makes the results of this thesis correlational rather than causal.

Second, there exists a problem of endogeneity, which is associated with the use of cross-sectional data. Like most studies exploring correlation rather than causation, this thesis is subject to the problem of endogeneity, out of which we emphasise omitted variable bias. We certainly did not consider all the possible predictors of government performance, which may have led to the overestimation of the importance of bureaucratic features. In response to this problem, we utilised thoroughly-developed theoretical frameworks which may have contributed to the reduction of the omitted variable bias. We also included variables which may serve as predictors of the dependent variables in the three essays as controls, for example, national wealth, democracy status, trade openness (first essay), investment in research and development, corruption (second essay), and demographic variables (third essay).

Third, regarding the external validity of the findings, this study is conducted in the post-communist context, which is why we did not make a sweeping claim that the results would be universally applicable in other contexts. This is because our aim was to investigate the post-communist context. Some inferences made in this thesis can be interpreted as applicable to other countries which face similar challenges and are operating in similar environments to that of the post-communist states. Further, the overall findings on the importance of certain bureaucratic characteristics for development can and should be applied to countries other than those studied in this thesis. Due to the large sample size the findings of this thesis may be at least generalisable to the post-communist states, providing valuable insights for future reform.

Fourth, we utilised cross-sectional data and self-reporting measures in the QoG Expert Survey and ISSP data. Self-reporting measures may be a source of common method bias (Meier & O'Toole, 2013; Podsakoff et al., 2003; Podsakoff, MacKenzie, & Podsakoff, 2012). We are unable to completely rule out the possibility of bias, which, in turn, may imply that statistical significance of the results is slightly overestimated. However, we looked into the procedure of data collection for both the QoG Expert Survey and ISSP datasets. Anonymity of the respondents was ensured, and scales were proved reliable through pilot testing and econometric analysis. In the first and second essay, the outcome variables are sourced from objective data, which further reduces the possibility of common method bias. In the third essay we conduct Harman's single factor test to demonstrate the lower likelihood for common method bias.

Finally, as Vandenabeele and Van de Walle (2008) argue, cross-national research is commonly susceptible to issues of comparability and conceptual equivalence. Similar words and phrases may reflect different social constructs and contexts and therefore may carry different meanings. All three essays rely on survey data, which was collected across many countries. There is a risk that items may not have been translated equally for all languages in the study. Therefore, we acknowledge the difficulty that this presents in measuring the outcome variables across countries.

Avenues for future research are abundant in this line of inquiry. We identify at least four emerging themes which show promise for the scholarship on bureaucracy in the post-communist context: (1) expanding the set of outcome variables in studies of bureaucracy, (2) exploring the extent and impact of path dependency, (3) investigating the effect of the country context on individuals working for bureaucracies, (4) methodological improvements on existing studies, (5) expansion of studies of bureaucracy to other regions, and cross-regional comparative studies.

Thus, the first theme of expanding the set of outcome variables associated with Weberian bureaucratic characteristics in the post-communist contexts could address the challenge of omitted variable bias and introduce theoretical links between bureaucratic features and national development indicators, which were previously not covered. Second, the precise mechanism through which path dependency has affected some post-communist countries' ability to reform and its interaction with other environmental factors, for example, the political

landscape, merit closer attention. Third, more emphasis should be placed on the importance of national and organisational context and the associated constraints on behaviours, attitudes and important work outcomes of individual employees. Permeating all three potential streams of research is the indispensability of novel, more sophisticated methodological approaches, including longitudinal studies, quasi-experimental and experimental designs, mixed methods studies and so forth. In addition, a more nuanced approach is needed which appreciates the role of local within-country context. For example, case study analysis is required to understand the dynamics of bureaucratic reform in the region, especially where the sample size is not sufficient to warrant quantitative analysis.

Finally, similar studies may be conducted in other regions of the world with common history and administrative traditions, such as Latin America, parts of Southeast Asia and South Asia, regions in the African continent, and so forth. Such studies may accomplish several goals: understanding the significance of bureaucracy in various contexts, as well as the importance of shared history, culture and social characteristics for administrative performance.

In conclusion, this thesis serves as a steppingstone to carving out a distinct research stream, dedicated to studying bureaucracies in the post-communist context along several dimensions and relying on a multitude of research methods which will help advance the knowledge base on this world region and the relevant historical developments that shaped it. In this regard, the next steps in shaping this research agenda would be conceptualizing a categorization of bureaucracies in the post-communist region; conducting detailed case studies of institutional

arrangements, legal provisions; and interviewing or engaging in ethnographic studies of bureaucrats with an aim to develop a deeper understanding of the individual-level effects. This list is not exhaustive. The hope is that a distinct research area can be developed that will contribute to the knowledge base expansion and development of effective policy solutions for the post-communist region and beyond.

Conclusion

Although post-Soviet bureaucracies have been studied before, the public administration scholarship is lacking in research efforts linking Soviet-style administrative traditions with government performance, as well as individual attitudes and motivations of public sector employees. The first essay offers insights into the association between professional bureaucracy and public good delivery. The second essay tests the relationship between bureaucratic closedness and national-level innovative activity. The third essay introduces the possible empirical link between Soviet-style administration and motivations of individual public sector employees.

This thesis uses two levels of data to understand the empirical link between bureaucracy and government performance. It tests the impact of bureaucracy on the core functions of the government (public good provision), its propensity to innovate in order to meet external demands and manage internal developments, and the motivations of individual public sector employees who contribute directly to the government performance as part of their jobs. This

thesis combines the study of bureaucracy with research in the post-communist context. In this regard, this thesis provides theoretical insights and practical lessons for public administration as a whole, and the region in particular.

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ⁱ More information is available at: https://search.gesis.org/research_data/ZA6770 or on request from the author of this thesis.