

SENIOR CIVIL SERVICE IN CENTRAL AND EASTERN EUROPE: CASE STUDY OF ESTONIA, HUNGARY AND SLOVAKIA

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Abstract

A growing number of countries are introducing a distinct narrow group of civil service with specific processes for recruitment, management and remuneration and accountability that differ from those applied for general civil service. This core civil service is usually called senior civil service. This paper explores the establishment and institutionalization of Senior Civil Service in three CEE countries: Estonia, Hungary and Slovakia. We analyze the formation, the systemic arrangement (merit vs. position), coordination mechanisms, the selection and recruitment as well as the remuneration system of senior civil servants, looking for similarities and differences between these countries and the potential explanation for these in the concluding section.

Key Words: senior civil service, coordination, Central and Eastern Europe

1. Introduction

After the fall of communism, most countries in the Central and East European (CEE) region faced a similar problem regarding the personnel of public administration (PA), namely the lack of a professional, depoliticized civil service (CS). A lot has been written on the efforts to depoliticize civil service (e.g. Nunberg 1999, Meyer-Sahling 2009, Demmke & Moilanen 2010). The structure and staffing of central government differs from country to country. In some countries, all employees of central government are civil servants, in others the administrative and support staff are public employees and only those tackling the operational tasks are civil servants, yet in other countries the same organization can have civil, public servants but also employees with Labour Law contract. Some government appoint a very small group of civil servants as a senior civil service (SCS). This elite group is considered to be the core of civil service, located very close to the executive and form a layer between the politicians and civil service at large.

The introduction of the senior civil service (SCS) system appeared in about a decade or more after the transition started in CEE countries as it can be seen on Scheme 1. The reasons of why and especially how the SCS was introduced is in the focus of this paper.

Scheme 1 – Introduction of Senior Civil Service

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Source: Staroňová (2015).

Defining Senior Civil Service

The term senior civil service has different meaning among scholars: most of the academia uses senior civil service for determining the highest hierarchical level, for some these include also politicians (e.g. Hood and Peters 1994, 2003 use the term *high public officials* for “politicians, judges and senior bureaucrats” p.1), while some include only top ministerial bureaucracy (e.g. Meyer-Sahling 2008, Meyer-Sahling and Veen 2012), though admittedly politicized in most of the CEE countries. For others the term determines the managerial position of chief executives of agencies or ministries (e.g. Beblavý 2001). Yet another interpretation is that SCS is only the elite core group of civil service (e.g. Halligan 2012, Kim 2007, Dror 1997), formally or informally distinctive from ordinary civil service (Kuperus, Rode 2008) and which is very small in size: 0,2 – 3% of the overall civil service (Halligan 2012). Thus, different terms can create confusion of what SCS means since “seniority” can mean age, years of service or simply level of experience. Similarly “top” can refer to the highest hierarchical level or to the managerial position. Moreover, in some countries senior civil servants may imply employees with tenure rights, whereas in other they may be employed on contractual basis. In this paper we will refer to senior civil service (both formally and informally recognized in the national civil service laws) as a group of top level civil servants who are professionals and not formal political appointees who possess high level competencies relevant in the field, as they supposed to be involved in crucial, complex government decisions (most typically, though not solely in policy-making). Thus, the SCSs usually include (administrative) heads of ministries, departments, bureaus and agencies within the core civil service and other senior officials as designated within the central government of each country (Halligan 2012).

Formal recognition of SCS

According to OECD (2008), 25 countries have formally recognized systems of SCS as of 2007, such as US, Australia, United Kingdom, Canada, the Netherlands, though not all of them sustained until these day (for example Slovakia has terminated official SCS in 2009). In these we can encounter various other official terms in formal documents and legislation, such as senior executive service (USA), “hoch” high civil service (German), highest civil service (Slovenia), top executives in civil service (Estonia), high-ranking corps (France, Romania), nominated civil service (Poland, Slovakia), main (Hungarian) or “glavnyj” civil service (Russia). In other countries SCS appears in civil service laws to a much smaller extent or is completely absent from these laws, though still they might have special conditions for a certain group of civil service, such as France, Spain or Sweden. Estonia, for example, for more than 6 years had a special unit for SCS development at the Government office, providing trainings and other development activities and only in 2012 (in force since April 2013) SCS

was recognized by law (Randma-Liiv et al 2015). In fact, Kuperus and Rode (2008) argue that it is enough to utilize only one of special conditions in any of the HR functions that differs from regular civil service, such as recruitment, entry exam or education, employment system, length of contractual basis, support or remuneration, though SCS is not formally recognized in law, it still qualifies as SCS.

Analytical framework and the method of analysis

Empirical studies on senior civil service and its formal anchoring is scarce. In this paper we will analyse institutions regarding SCS in three CEE countries: Estonia, Hungary and Slovakia. The latter two very early on have formally recognized senior civil service systems in their respective civil service laws, notably higher civil service in Hungary as of 2001 and nominated civil service in Slovakia as of 2003. Both have been terminated after some time. Estonia, on the other hand had not formally recognized top civil service until as late as in 2013, though it had several informal institutions in place that later were successfully formally institutionalized. Slovakia, also, had a formally not recognized SCS in the form of posts of superior importance which are in place until now, though with mixed effectiveness. Thus, these three cases (or four if we count two different types of SCS in Slovakia) represent different approaches towards SCS, where institutions play an important role and have profound effect on institutionalization. Our study draws on instrumental case studies based on qualitative inductive techniques. Multiple case studies of Slovakia, Hungary and Estonia have been chosen due to of the ambiguous role of SCS institutionalization.

We will systematically address five major questions. First, is there a clear reference to “senior civil servants” as such in the civil service laws? Second, is there a special central structure for coordination, management and control of this distinctive group?² Third, are there specific HR procedures, such as recruitment and selection, devoted to this group, which are different from regular civil service? If yes, what kind of specific procedures are in place? Fourth, is there and if yes, what kind of specific remuneration system, to assure that these positions are attractive enough to obtain and to retain the best possible employees on the job market where CS must compete with the business. (We note here that besides salary, other, non-pecuniary advantages, like prestige, job-security, job-content, etc. may also serve this way.) Finally, what type of HR development and career practices are applied for SCS.

The topic of central coordinating structures for civil service was brought into attention in the late 90’s by the EU and SIGMA OECD. Such a centralized office for SCS makes it possible to pay special attention to SCS as a group, to establish cooperation and with that an “esprit de corps” and to institutionalize a comprehensive SCS development system. Nevertheless, only limited number of countries have, in fact, created a special centralized unit for the management of SCS (UK, the Netherlands, Estonia). Meritocratic recruitment and selection is a precondition for creating the best pool of candidates for SCS. There are many questions related to what best practices of selection, what qualifications and what education to ask for. There are several approaches for recruitment applied (Peters 2010, OECD 2008) such as “fast streaming” for young and especially talented civil

² „Central coordinating structure“ is a term used by SIGMA/OECD think tank to cover the wide spectrum of different organization structures that carry out tasks mainly in strategic human resource management. A framework for analysis of these structures was suggested by Staroňová – Staňová (2013).

servants, bringing also innovation into the top positions (Dror 1997), or specific elite education like Ecole Nationale d'Administration provides in France or the entry into SCS which via open competition. (Staroňová 2015). Remuneration and performance evaluation for SCS are typically entirely different than that of regular civil service. (Dror 1997) Setting up performance evaluation linked to concrete objectives may be more typical in this segment of CS (Lafuente et al 2012, OECD 2003). There can be both career and position oriented SCS systems. The former is typical for France, Spain, Italy, Japan, the latter in USA, Australia, the Netherlands, Belgium or Estonia and there are hybrid models as well.

These elements (i.e. selection, remuneration, etc.) are basically identical to those discussed in a classic, widely used „manual“ in the field (Naff et al 2013) as „Elements of Human Resources Management“ (Section II. of the book). These issues seemed to form the core research topic of such empirical studies in the field as OECD 2003; or specifically in Europe: Bossaert et al (2001); Bossaert & Demmke (2003), Demmke (2005); Demmke & Moilanen 2010.

Analysis – characteristics of SCS in the three countries

3.1. Identifying Senior Civil Service

In Slovakia, two institutes qualify as formal institutions, though only one refers directly to SCS: ***nominated civil service*** which was formally recognized by law as SCS and ***posts of superior importance*** which formally recognize special conditions vis a vis regular civil service in remuneration and direct reporting to the minister but is not formally recognized as SCS. Both institutes were introduced as innovative elements in 2003 by reforming Civil Service Law (Staroňová 2013), the former one was abolished in 2009 and the latter one still exists, though in an altered way (by amendment in 2009). Thus, one formal legal institution - nominated civil service - was conceived and designed to create a professional elite core SCS that would link horizontally the extreme fragmentation and become the stable feature of the overly politicized system by following the Polish (and French) example of career SCS with special conditions of recruitment, entry, employment and remuneration. The other formal legal institution - *the posts of superior importance* - on the other hand, had a different ambition: to attract professionals from the private sector (particularly to conduct reforms in selected areas) and/or where good salaries should serve as a prime anti-corruption measure.

In Hungary, the term ***senior civil service/servant*** occurred in the 2001 major amendment of the Hungarian CS Code. (Gajduschek-Linder 2014) The Law set up the maximum number of SCS of 350, about 0,3% of the total, roughly 110 000 civil servants of the time. On average about 300 positions were filled in during the existence of this position, until its final termination in 2007. Technically the law regulated this position by defining the differences from the “normal CS position”. Most of these differences are reviewed below.

The law has not identified the major function(s) or reason(s) of this new formal arrangement (e.g. what is the role of SCSs within the CS system). Although the law addressed this issue, somewhat confusingly, in two separate paragraphs, the statements were so vague and the lists so long that one was unable to identify the real goal of the newly established institution. The law referred to EU accession, coordination, change and innovation management in civil service, providing high level assistance in government decisions, etc.; in brief every potential reason of setting up SCS was

mentioned. An educated guess of the analyst is that it has been greatly influenced by “institutional isomorphism” (Powell & DiMaggio 2012), that is simply adopting a form, an “institution” for its symbolic and not for its real value. (I.e. “such institution exists in most Western CS systems, so we should have like that too”.) Neither the selection criteria for appointment nor the roughly five year functioning provide us with more hints about the function of this institution.

High level job security and tenure was assured for people in this position, as the law provided additional legal guarantees over the guarantees “normal SCSs” enjoyed. Referring to the fact that SCSs were appointed just a few months before the new Cabinet got to power, some conclude that this institution may also serve purely political purpose for the ruling party to place into publicly financed tenure position its allies. Despite of the legal guaranties the turnover ratio was very high among SCSs; in fact higher than among normal CSs, which was not very low either. We found that there were 73 new appointments in 2003, 42 in 2004 and 26 in 2005, meanwhile the lay-off numbers were 37, 23, 25 (around 10%) for the same years. Most (58%) of the lay-offs were initiated by the government, presumably due to distrust the given SCSs. In all these cases laid-off SCSs must have been compensated by an exceptionally high level of severance pay, though no data were collected in this regard.

In Estonia, there are approximately **95 positions** which currently fall in the category “top executives in civil service”. These positions included in 2014 the Secretary of State (1), secretaries general of the ministries (11), directors at the Government Office (3) deputy secretaries general of the ministries (ca 50), and directors general of the executive agencies (various boards and inspectorates exercising executive functions) (ca 30). These 95 senior civil servants make up 0.4 percent of the total of 22,286 (as of 2011) civil servants in Estonia. In addition to them, some additional senior civil service positions covered by the secondary legislation of the Civil Service Act which sets detailed regulation for recruitment, selection, development and appraisal for the “top executives in civil service”. They are the State Archivist, Commander of the Defence Forces, Director of the Rescue Service.

The first Public Service Act (in force from 1996 to 2013) did not clearly distinguish the senior civil service or make provision for a central development system of SCSs, although some regulation was in place for top executives. The only central tool at that time was the Selection and Evaluation Committee of Senior Civil Servants at the Government Office. The committee had an advisory role in screening and short listing candidates for certain SCS positions (such as those of deputy secretaries general of ministries and directors general of executive agencies). However, final decision-making power over the selection of the corresponding SCSs was left to the relevant minister. Training and development of SCSs was handled in a highly decentralised way by each public sector organisation until 2004.

At the end of 2003 the Government Office, led by the apolitical secretary of state, started to work informally on the development of top civil-service competencies leading to the adoption of a top civil-service competency model by 2005. Based on the competency model, a variety of development activities have been launched for the target group (e.g. specially designed training and development programmes, individual coaching and mentoring, development of future leaders). Since 2005, the top civil servants’ competency model has been used as the basis for the assessment of top civil servants both in the selection and development processes. The aim of these activities has been declared as supporting the development of competent top civil-service executives who contribute to

achieving the strategic goals of the state and who are critical in fostering the whole-of-government approach. The Estonian Parliament *Riigikogu* passed the new Public Service Act in June 2012 (in force since April 2013), which formed a legal basis for “top civil servants” by clearly distinguishing top civil servants from the rest of the civil service as far as their recruitment, selection, assessment and development is concerned. Consequently, the establishment of a SCS development system has been a dynamic process from informal institution to formal institutionalization covering the period from 2003 to 2013.

3.2. Central coordination and oversight

Slovakia

Slovak central coordination structure and oversight of civil service in the 2002 – 2014 period is ineffective in several ways: weak central coordination structure during its existence 2003-2006 and overall fragmentation of line ministries thereafter. Several authors have pointed out the weakness and lack of authority of the Civil Service Office (CSO) when still in existence during 2002-2006 (e.g. Staroňová – Brown 2006, Meyer-Sahling 2009, Staňová 2014). The CSO had practically no control over the line ministries in HR functions. The line ministries did not want to lose control over HR functions and preferred flexibility in management. Already in the 2003 reform, the CSO had lost many of its decision-making competences due to the pressure from the Ministry of Finance on its supposed inefficiency. Thus, in reality, the CSO never had a crucial word in the recruitment or examination of civil service since already a year after its creation (2003) this task was delegated to line ministries. Finally, in 2006 it was abolished and although its competences were formally handed over to the ministry of social affairs and the government office, neither of them carried them out. After the abolishment of the CSO, the fragmentation increased (Staroňová – Láštík 2011). By 2015, there is neither a comprehensive civil service strategy nor a single institution at the level of central government. Each ministry and executive agency is responsible for the recruitment, training, performance appraisal and pay of its officials. Nominated civil service was designed as a system based on having tenure. Line ministries, on the other hand, preferred flexibility and were directly encouraged by the Ministry of Finance whose had initiated in early 2000s Functional Audit of the Central Offices to restructure the ministries, cut back the number of personnel and utilize managerial tools of performance management in line with New Public Management doctrine. There was a clear clash among the actors, and as it may be expected the will of the stronger prevailed.

On the other hand, posts of superior importance (as well as the size of remuneration), were designed by line ministries, and although the position had to be approved by the Cabinet all HR functions may be conducted by the line ministry. The primary goal of all actors involved was, in accordance with the vision of EU entry, to have means to attract and retain qualified people, that was difficult due to the low general CS wages. Thus, the changes in the civil service law – posts of superior importance with special allowance - was made in order to attract such people, especially by creating separate salary component. These posts were identified by individual ministries and approved by the Ministry of Finance without any hesitation and a list was provided to the Government for final approval. Today, most of these posts are financed via structural funds. Reports of the Civil Service Office 2003-2006 show that these posts were utilized primarily for a) financial posts – 12% b) strategic decision making posts – 58% and c) EU experts – 30%.

Hungary

Since 1992, the adoption of the first comprehensive Civil Service Code in Hungary, a central civil service unit has existed. However, this unit played an insignificant role, largely of running the civil service database (never used for the purpose of centralized, coordinated HR management, neither in operational nor on strategic issues) and taking part in drafting CS-related laws. Most importantly, this unit existed within a ministry (e.g. Ministry of Interior) as a division (third level below the minister) or a deputy state secretariat (second level below the minister). This position indicates a low relevance and also insufficient power to coordinate HR activities within the administration (i.e. to influence HR activities at other ministries). For a short period, similarly to Slovakia, though for different reason, a stronger unit, an independent State Secretariat (responsible directly to the prime minister) existed aiming to create across-ministerial coordination and a unified HR management for the whole public administration as such. However, this unit was terminated after three years of existence and all its achievements (legal and organizational) were completely abolished by the new Cabinet in 2010.

Administrative tasks of data collection and statistics (done in an excel file) regarding specifically SCSs, and solely this function, was carried out by two persons working in the Prime Minister's Office, independently from the above mentioned central CS unit. We could not identify any other unit that would assist the prime minister in his task of exercising the "employer's rights" over SCSs, delegated to him by the law.³

Estonia

Since the adoption of the first Civil Service Act in Estonia in 1995, there was no central unit for SCS coordination, although the Government Office performed more or less technical tasks required by the law regarding recruitment for different SCS positions (whereas the exceptions were allowed and widely used by the ministries not to launch an open recruitment process). The system was rigid, too bureaucratic and considered in practice not relevant by the ministries since 2000s, partially because of high level of decentralisation and ministerial autonomy, but partially also because of ongoing preparations and discussions about the new CS Act (adoption of which failed several times politically since early 2000s). However, these discussions around preparation of new bills evoked new ideas and one of them was to start professional central development of the senior civil servants of Estonia.

In 2004, the Government Office convened a special task force which prepared a competency model for the SCS and its implementation plan by 2005. The aim of the competency model was to serve as support for the self-development of individual SCSs, and for the selection of new SCSs. The role of the Government Office was envisaged as that of a strategic partner for SCSs, to coordinate the development system and to offer support and advice, whereas responsibility for achieving development goals remained with individual SCSs and their immediate supervisors. These included specially designed training and development programs, individual coaching and mentoring, and future leaders' development courses – all in informal way and on voluntary base. This stage focused on the individual development of SCSs and did not seek to develop SCSs collectively as a coherent group. The main actors behind this initiative were non-political officials of the Government Office, led by the Secretary of State. Initially, an important role was also played by the task force which was presided over by an external consultant and included 15 representatives of the target group and a few experts from the academia. The task force relied strongly on shared values and consensus

³ All data regarding Hungarian SCSs reviewed here are from the statistics of this unit.

building. The important role played by the task force was crucial to instilling a sense of ownership and acceptance in SCSs.

The most important structural change during this stage was the establishment of a special unit for the development of SCSs at the Government Office in 2010 under the direct supervision of the Secretary of State—the Top Civil Service Excellence Centre (TCSEC). The TCSEC became an independent and non-political unit at the centre of government, unaffiliated to any particular ministry. The TCSEC was allocated the following tasks: providing support for the selection of SCSs, administering their development, and cooperating with the relevant institutions and networks locally as well as internationally. The TCSEC was formed on the basis of the small team in the Government Office which had been leading the development of SCSs since 2004. At various points, the team had three to five members. The Secretary of State remained one of the key actors through his personal commitment and efforts to advance SCS development. The establishment of the TCSEC was part of a larger structural change whose aim was to shift the main responsibility for shaping civil service policy to the Ministry of Finance. As a result, a dual system was set up in the central administration of civil service – the general steering of the entire civil service is in the hands of the Ministry of Finance, while the development of SCSs is administered by the TCSEC at the Government Office.

After the adoption of the new Civil Service Act in 2012, the TCSEC finally got the proper legal grounds for functioning, as in the Act and its' secondary legislation the TCSEC's role is clearly stated.

3.3. Recruitment and entry into SCS

Slovakia

The nominated civil service was foreseen as a completely apolitical cadre, selected by apolitical Civil Service Office with typical closed career type of SCS. Only a top qualified candidate from within the permanent civil service (at least two years), fluent in English, French or German and with top personal assessments qualified for specific exams (nominated exams organized by Civil Service Office) into the nominated civil service. In assessing the exceptional personal qualities, the nomination exam committee (consisted of five members from CSO) cooperated with HR experts and psychologists. It was expected that approximately 1000 civil servants would be part of the 'nominated service' with tenure (Explanatory Memorandum to Law Amendment). However, only 5 candidates passed the exams (out of 367 applicants) in the first round in 2004 and in 2005 none of the 177 applicants passed (Staroňová 2013). In addition, the successful candidates despite this more rigorous testing were unable to get a better position in the ministries as the CS Law did not incorporate a career system. The line ministries were reluctant to employ the successful applicants because they had their own criteria for employment. Thus, becoming nominated civil servant did not fulfil the original expectation. No other exams were organized since the termination of the Civil Service Office in 2006 until the institution was abolished in 2009. Following the abolition of the CSO in 2006 the organization of exams for the nominated civil service was handed over to the Head of the Government Office (a political nominee) who did not organize any exams until 2009 when nominated civil service was abolished.

The **posts of superior importance**, on the other hand, were typical position based SCS. Both types of posts of superior importance were open for external recruitment with no specific additional examination, but with required specific skills and knowledge. Recruitment was delegated to line

ministries with no additional coordination. Thus, it was sufficient for the candidates to pass the selection procedure, they need not be the highest ranked candidates. Posts of superior importance were directly managed by the minister who defined these posts in the internal regulations of the ministry and were issued by the minister himself. The post and related remuneration (differing feature from regular civil service) needed to be approved by the Government, unless the line ministry had its own resources to meet the costs. This was made possible for posts with special allowance through an informal institution endorsed by the Ministry of Finance where the variable segment (special allowance) could be acquired by each ministry when cutting back its staff or not filling vacancies planned in that particular year. In this way, no additional finances are needed and ministries are motivated to slim their offices to have finances for allowances. As a consequence, the ministries deliberately overestimate the number of posts needed in annual budget discussions with the Ministry of Finance in order to keep the unspent finances for allowance and bonuses in general. Survey of the Government office (2014) shows that the line ministries fulfil their planned estimates to appr. 70%, however, there are ministries with even lower numbers. This informal institution enabled the minister to define who would be on the post of superior importance and on this basis intervene into their selection procedure. These employees would be appointed on proposal of the minister, who could choose from the list of successful candidates. It was therefore down to the ministries and their internal regulations how deep politicization could potentially go. Both special salary and special allowance linked to the post were informally negotiated already for the contract during the recruitment process.

In addition, there were posts of superior significance with **permanent special salary** (market based salary). These posts were designated by ministers and heads of office in appropriate Ministry and approved together with the proposed salary by the government in order to oversee the process. Under Dzurinda's government in 2002-2006 this was used for the following five posts quite successfully: Head of the State Treasury, Head of the Debt Management Agency, Chief Economist at the Ministry of Finance, Head of the Anti-corruption Unit at the Government Office, and Head of Programming of Structural Funds at the Ministry of Construction and Regional Development. Some of these posts were contractual with clear mandate until the task was over.

This, however, was changed with 2009 amendment: the post of superior importance with special allowance was abolished, the post of superior importance with special salary was renamed into post of superior importance with superior salary (approved by the government) and new possibility of remuneration "personal salary" with no link to specific type of position was introduced (approved by line ministries only).

Hungary

The law has not defined any clear selection criteria (over the requirement to hold at least a BA degree), neither a specific selection procedure to find the best candidates for this post. The law names the prime minister, whose prerogative is to officially appoint (consequently also: select) SCSs, thus providing an almost unlimited discretionary power to someone, who is admittedly the top political (not professional) figure of the government.

Not surprisingly one can hardly find any systematic logic in selection. In terms of age and presumed job experience we find that 27 persons out of the 295 appointed at the first round (early 2002), were below the age of 31 (one person just finished the university), whereas 46 over the age of 55. Less

than half of the appointed SCSs (138) hold a high-level language exam indicating that one is able to take part in discussions and negotiations in a foreign language, whereas 43 persons had no any kind of official proof of speaking foreign languages.⁴ Only 57 persons hold more than one diploma, Ph.D. degrees are not even recorded. 61 persons were state secretaries or deputy state secretaries, indicating that more than a half, but not everyone of those filling in these positions were appointed as SCSs. An additional 147 persons filled in other, lower level managerial positions within the administration but there were some others who did not hold any managerial position in the administration. Most of the persons were appointed from the central government, but at least 26 worked at the territorial units. In brief, it is impossible to detect any clear tendency in selection and no such explanation was given to the public either. It is unknown even for the professional public how the effective searching, recruitment and selection of candidates had taken place.

Two clear tendencies, however, may be identified, reflecting very well the general, though not necessarily admirable, features of the Hungarian civil service. First, the proportion of women is very low, 27%, as opposed to the general presence of women in CS, that was 73% in 2005 (62% in mid-, and 55% in higher managerial levels) (Gajduschek 2008: 133-134) Second, the high proportion (57%) of lawyers indicate a strong and increasing preference for the legalistic approach, whereas social science degrees do not even occur in the statistics, diplomas like political science, sociology, social work, etc. are included into the "Arts" (history, philosophy, languages, etc.) category, with a total presence of 15%.

Estonia

In Estonia, the central unit TCSEC is officially responsible for the organisation of the recruitment and selection process for ca 95 top executive positions in civil service. There is a specially appointed Top Executives Selection Committee, whose work is organised by the TCSEC. The non-political Committee practically carries out the selection process and suggests for the final choice from one to three candidates. The final choice is usually de facto made by the relevant minister, but the minister cannot skip the recruitment and selection process organised by the Committee.

As the Civil Service Act notes, the relevant Government Regulation needs also to establish the requirements for the top executive in civil service. Although the draft version of the regulation included specific requirements for education (at least MA degree), management experience (at least 5 years) and proficiency of two foreign languages (one high-level, one medium level), the adopted version turned out to be very vague and non-demanding in this sense. Now, there is only sentence saying "*the top executive in civil service has to have sufficient managerial experience, education and proficiency of foreign languages for fulfilling his/her tasks*". Also, the concrete reference is made to the existing SCS competency model in the regulation.

3.4. Performance Evaluation and Remuneration^[AU1]

Slovakia

There were two types of posts of superior importance approved by the collective body of the Cabinet: one *with permanent special allowance* (in addition to basic pay) and one with *permanent special salary* (pay outside of the pay tables stipulated by law). The new law on Civil Service in 2009

⁴ A college degree from abroad, or some language exam at Universities is also considered as official language exam.

have abolished the special allowance replaced it by *post of superior importance with superior salary* and a new institution of *personal salary* (both pays are outside of the pay tables stipulated by law).

Thus, as of today, there exist simultaneously 2 institutions: *posts of superior importance with superior salary* and *personal salary*. Both offer salaries based on market rather than grades for “strategic” positions and tasks of importance to the government. The only difference is that while the former is approved by a collective body of the Government (both position and salary), the latter is approved by minister solely.

Table 1: Senior civil service in Slovakia

		Approved by	2002	2003	2004	2005	2006	2014
Nominated civil service (2003 – 2009)		Civil service office	-	-	5	5	5	-
Strategic Posts (2002-2003)	Special allowance	Service office of the Ministry (list to be approved by government)	281	-	-	-	-	-
	Special salary		1	-	-	-	-	-
Posts of superior importance (2003-2009)	Special allowance	Cabinet (if costs covered by ministry then ministry only)	-	207	230	342	353	-
	Special salary	Caninet	-	1	2	4	2	-
Posts of superior importance with superior salary (since 2009)		Cabinet	-	-	-	-	-	1
Personal salary (since 2009)		Service offices of the line ministries	-	-	-	-	-	139

Source: Staroňová (2015)

Note: systemization was abolished by 2006 and no data exist between 2007-2014. Data from 2014 are based on questionnaire sent to service offices of line ministries by the Government Office.

Table 1 shows the utilization of the individual SCS in time: posts of superior importance with special allowance were utilized in big numbers during the time it was in practice (approximately 300 posts or 0,6% of civil service), particularly around accession period during second Dzurindas government. The second most utilized SCS is personal salary - in 139 cases as opposed of one case of post of superior importance.

Each ministry decides internally on the amount and mechanism of the payment of allowances and bonuses for its SCS since the abolition of the Civil Service Office in 2006. Whereas flexible payment of bonuses helps to overcome the problems of the highly formalized and grade based base pay system, the lack of clearly defined criteria for the allocation of allowances and bonuses as well as the ad hoc nature of the system, based as it is on artificially construed wage budgets, make it vulnerable to politicization and risks creating wage budget levels that have little to do with the real needs of the administration. The creation of special salary not linked to SCS and without any collective supervision makes the issue of politicization even more profound. Reform of 2003 provided both types of SCS with permanent special bonuses (Staroňová – Láštic 2012) – see table 4. Nominated civil servants automatically got a 50% increase of their basic pay (tariff salary) through this component.

Posts of superior importance have a permanent special allowance 50-100% of their basic pay. The other type of posts of superior importance had a permanent *personal salary*. The personal salary was approved by the government in 2003 and was abolished in 2009. The permanent *personal and superior salary* is calculated on the basis of comparison with private sector. In addition, both types of SCS (nominated and posts of superior importance) could get also the *personal allowance* may be as high as 100 % of the basic pay. These institutions are summed up in Table 4.

Table2: Remuneration of SCS in Slovakia

Type of Civil service	Basic Pay	Allowances		Bonus	Size of recipients
		Personal	Special		
Regular civil service (2004 – now)	Tariff Salary	Up to 100 % of Tariff Sallary	-	Individually determined based on recommendation of the superior (no cap until 2009), 20% of functional (basic pay + allowances) salary since 2009	Cca 43.00
Nominated civil service (2004-2009)			50 % of tariff salary		5
Posts of Superior Importance (2004-2009)			30 – 100 % of tariff salary		353
Posts of Superior Importance (2004-now)	<i>Personal Salary (superior salary since 2009) individual, based on job market</i>	-	-		1-5
Regular civil service - Not defined (2009 – now)	<i>Personal Salary (individual, based on job market)</i>	-	-		139

Source: Staroňová (2015)

Hungary

Senior civil servants were rewarded with a salary comparable to similar positions in the business sector, about € 3000-4000 gross, depending also the level of organization the person serves; higher in a ministry than a central or a territorial agency. This salary was exceptionally high within the civil service and could be higher than that of the minister, a surprising situation at that time. The so called “performance salary supplement” (a way of performance wage) was introduces to CS system with the same amendment that established SCS. This applies to all civil servants including the SCS which means that the salary may have been further increased by an additional 20-50%, depending on the discretionary decisions of the head of the unit.

The Civil Service Code, however, has been offering several other ways to provide some persons with exceptionally high salary. The so called personal salary (wage set up by the head of the unit, with no wage-ceiling) was abolished in central government exactly in 2001, with the same amendment that introduced SCS. (In the previous eight years the proportion of these who received such personal salary had almost tripled (Gajduschek 2008: 126). Other potential ways to increase one’s salary is to appoint him/her to a managerial position (without subordinates if necessary). The lowest managerial wage is significantly higher than the highest subordinate wage. It is the head of the unit whose prerogative is to appoint practically anyone to this position who has at least a BA degree. There are several titular and advisory positions that are rewarded well over the normal wage, typically also without much or any selection criteria defined by the law. This arrangement is similar to Slovakia,

though the legal institutions to increase discretionary power within an allegedly merit system could be different.

However, the most typical way to pay someone with an exceptionally high wage is found outside CS regulation. Some persons practically within the civil service, doing CS job are employed with labor contract thus the labor code applies that does not set up any wage ceiling. One may be employed under a an entrepreneurial or service contract. In this case a legal entity (a company) provides officially the services, that is carried out by an undefined number of persons (which, naturally, can be by one person) but the monthly payment can be exceptionally high.

Estonia

The system for evaluation and remuneration for the SCSs is regulated by the Civil Service Act and its secondary legislation. The main aim of the evaluation system is to serve a basis for the development of the top executives, and it is not predominantly meant for the remuneration purposes. In the Civil Service Act, the principles of the salary system for the whole CS were established. All the civil service salaries are public (total salary received in last year, published once a year with indicating the names of the civil servants). The salary of the SCSs as the other CSs can consist of the following components:

- 1) Base salary. For the Secretary of the State and the Secretary General of the Ministry the base salary centrally fixed as a percentage (90%) of the minister's salary in the Act. For the Deputy Secretaries Generals, the Director Generals and Government Office's Directors, the salary is set by the ministerial internal salary regulations. However, although in practice sometimes the Director General may earn more, the centrally fixed base salary for the Secretary Generals still guides the other salaries.
- 2) Changing salary (it may be a performance pay, an additional salary for extra tasks, or a one-off bonus for excellent work) can annually form up to 20% from the base salary. It is up to each organization itself to decide whether and how to use this salary component, but anyhow the ceiling of up to 20% applies to all civil servants, despite of their position.
- 3) Special cases where additional salary is allowed, such as the night-time work, over-hours work, watch time (ready-to-act) work or for substitution of another person.

Although this salary regulation (established by the new CS Act adopted in 2012) does not leave very much room for maneuver and in some cases the total salary of the SCSs is not considered competitive, it has definitely made the salary system much more transparent, internally more fair and understandable for the public. For instance, in 2014 a monthly salary for the Secretary General of the Ministry could be ca 4000 euros (bruto), the Director General of the Executive Board or Inspectorate could earn ca 3000-3500 on average, whereas the highest SCS positions salaries reached from 4000 to 5000 euros per month (few Director Generals). It all applies only to the civil service, it means that the CEOs of the state enterprises or the private-law based public sector organizations (such as foundations, social security funds etc) are not restricted by this Act. In practice it means that they might earn considerably more and it has generated quite heavy debate about fairness and justification.

3.5. Career and Development

Slovakia

The biggest difficulty lies in the hybrid position-and career-based system which exists in Slovakia and which does not allow for proper career planning and promotion. The nominated civil service was a clear career based innovative element with strong tenure guarantees and career development. Nevertheless, the lack of real central HR coordination and extreme resortism did not allow for career planning since individual ministries were not interested in the candidates chosen by the Civil Service Office. Instead their preference laid in position based choice of candidates. After the abolishment of the Civil Service Office no career planning was possible. Posts of superior importance, on the other hand, are by definition anchored in position based system. It is a concrete position to which the most qualified candidate is being searched for and which is linked to a specific salary. Thus, it is expected that these elite positions attract „ready made“ experts from the private sector and no additional career is being planned.

Hungary

Senior Civil servants were provided with stronger tenure guarantees; i.e. it was much more difficult to lay them off than it was the case with ordinary civil servants. This, however, has not prevented the new Cabinet to terminate SCS positions, though they had to pay large severance payments. Some training sessions were planned to be specifically designed for SCSs. It was also planned that HR development plans will be created for each SCSs. However, as much as it can be known about that, solely from informal, anecdotal information, these plans were not implemented in reality, as neither the demand (i.e. the expressed need of SCSs), nor the supply (a well organized HR activity) were in place.

Estonia

Estonian CS system is a typical position based one where candidates are searched for a concrete position. This covers also the senior civil service. Nevertheless, the development of SCS resembles of that of a career system. The most important structural change that brought career element into the position system was the establishment of a special unit at the Government Office in 2010 for the development of SCSs under the direct supervision of the Secretary of State—the Centre of Excellence for Top Civil Servants (CETCS). The CETCS became an independent unit at the centre of government, unaffiliated to any particular ministry. The CETCS was allocated the following tasks: providing support for the selection of SCSs, administering their development, and cooperating with the relevant institutions and networks locally as well as internationally. Thus, one of the tasks of CETCS in Estonia is to develop the top executives of the civil service (Randma-Liiv, Uudelepp, Sarapuu, 2015). The system is based on the central competency model, which was elaborated in 2004 and updated and revised in 2010. The main point of having the central competency model is to develop the „top layer“ of CSs according to the same core values, ethical principles and competencies. Thus, the competency model and the development system should work as a „joining-up“ tool to create common understanding and value system among the group of the SCSs and has clear career features.

Discussion: Characteristics of Senior Civil Service in CEE countries^[AU2]

Above we analyzed the senior civil service arrangement and the trajectory of building a SCS system in three ^[AU3]Central and East European countries. Although the scope of our work allows to compare three CEE countries, we have tried to put the practices of Hungary, Slovakia and Estonia into a wider context of developed countries in Table 3. As diverse solutions exist around the world, the three analyzed countries do not seem to have very specific characters, except perhaps that SCS was established relatively late in these countries.^[AU4] A closer look, however, may tell more.

SCS was formally introduced in all the three countries. In Hungary and Slovakia roughly at the same time, a few years before the EU accession of these countries, whereas much later in Estonia. It

seems that Hungary and Slovakia are similar in several other aspects of their SCS development as well and Estonia presents a largely different trajectory. The first two countries are characterized by a merit system, at least in terms of their legal institutions. The merit system normally requires a relatively high level of unity and consequent coordination in CS practices. This feature is in sharp contrast with the ministries' endeavor for autonomy and flexibility in CS decisions. It seems that in both countries ministerial will has succeeded. This appears especially clearly in case of Slovakia, where the nominated CS following a merit-system logic, based on central selection and envisaged coordinated activities failed and was soon abolished. The other arrangement offering high salaries for presumably high quality job survived as the appointment was left to heads of ministries. In Hungary, SCS that assured high salaries with especially high guarantees for tenure (though selected by the Prime Minister), was abolished after only six years.

In Estonia, these tensions seemingly did not occur. Why? First, the Estonian system is admittedly a position system, where civil servants are appointed for a certain position. Though this theoretically may allow higher discretion, a more systematic, one may say: merit-based selection procedure is applied generally and for SCS especially, as it could be identified in the two other, allegedly merit-system countries.

The SCS was introduced by a legal act in the two countries, without much previous study, preparation or any type of pilot activities, from one day to the other. Soon most of these institutions failed and ceased to exist shortly after their introduction. In Estonia, on the contrary, it took almost a decade of relatively systematic work and preparation until, actually on the basis of an already existing system, the SCS occurred as a legal institution.

Estonia seems to be a success story as the SCS exists there and carries out expected function: to provide professional elite for PA, a coherent group of highly competent, devoted and reliable civil servants who contribute together to the strategic goals of the government. The system allows finding strong candidates and retaining them even after election campaigns.

In Slovakia and Hungary the goal of SCS has never been clearly clarified. In Slovakia the need, especially during the negotiations with the EU, for special skills that are rare and difficult to find on the labor market was admittedly behind the two arrangements that may be identified as SCS,. Some signs indicate that this could be also the case in Hungary, at least partially. However, it has never been clarified what type of competencies are exactly needed, how these may be obtained and retained for the government and what exactly has to be done in order to achieve these goals. The "post of superior importance" that is reminiscent to SCS and that prevailed means that the head of the ministry decides what kind of competencies are needed and who exactly could fit to these needs, appoints this person (all these being done in a discretionary manner) and provides her with an exceptionally high wage. In Hungary the appointments were made by the prime minister. Neither substantive expectations, nor procedural rules were set up in this regard. It is thus, in both cases, raises the suspicion of favoritism and patronage, instead of a rational HR decision.

On the other hand, in Estonia, the process started exactly by addressing the question of what kind of competencies are needed in SCS and then, how these competencies may be assured. Most of the resources were utilized exactly to answer these questions before putting a certain formal arrangement into place. Meanwhile training and development remained a crucial activity of the unit responsible for running the SCS system.

Hopefully we could identify at least some crucial differences between the countries analyzed and by doing so we may have been able to pinpoint potential reasons of failure and success in this regard.

Table 3: Distinguishing Features of senior civil service

Characteristics	OECD countries (30 + 3)*	United Kingdom	USA	France	Poland	Hungary	Estonia	Slovakia	
								Nominated civil service	Posts of superior importance
Officially recognized system	25 countries yes, 8 no	Yes	yes	yes	yes	yes, till 2007	Yes, since 2013	yes	no
Year of recognition (in law)	End of 80s	1996 (reform)	1979	2002 (reform)	1998	2001	2013	2003-2009	2002
Specific procedures	Majority yes	Yes	yes	yes	yes	yes	yes[AU5]	yes	yes
Size % from civil service	0,1 – 3%	3.200 (2,5%)	7.000	5.360[AU6]	1.500 (0,13%)	350 0,3%	96 (0,4%)	Plan appr. 1.000 (2,3%), reality 5 [AU7]	Apr. 300 (0,6%)
Apolitical positions	Yes (small part reserved for political)	Yes	Yes, but 10% are political nominees	Yes, top positions are political	yes	No, PM appoints	Yes	yes	Yes, approved by Cabinet
Career or position system	Various approaches	career	position	Career, introducing position	career	Career	position	career	position
Central structures	Various approaches	centralized: Cabinet Office	Decentralized (head of agencies), under auspices Office of Personnel Management	Decentralized: Civil Service Department	Centralized	Decentralized	Centralized: Top Civil Service Uni. at Government Office	Centralized: Civil Service Office, later Governnet Office	decentralized
Recruitment and selection	Merit	Merit + fast track (generic education)	Merit + specific education	Merit + ENA (early on)	Merit + NSPA	n/a	Merit + talent stream	Merit	merit
Service [AU8]contract	Tenure OR contracts	????[AU9]	contracts	„loyalty contract“ for 5 years, introducing contracts	Tenure, „loyalty contract“ for 5 years	strong tenure	5 yearappointment	tenure	Regular civil service employment
Remuneration	Trend: Performance related	Performance related	Performance related	Performance related	Performance related	Tariff salary plus performane bonus 20-50%	Partially set up by law, 20% performance related pay allowed	100% of tariff sallary	30-100% of tariff salary OR specific sallary
Accountability measures	n/a	Yes	yes	n/a	n/a	n/a	n/a	yes	Yes (until 2009)

Source: authors

Note: * survey included also Russia, Ukraine and Brazil

Acknowledgements

This article is the result of a research project supported by the Ministry of Education Slovakia under APVV grant scheme APVV-0880-12.

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