

EX POST CONTROL AND STEERING OF GOVERNMENT AGENCIES: A COMPARATIVE ANALYSIS OF LITHUANIA AND ROMANIA

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Abstract

The article analyzes the management of government agencies in Central and Eastern Europe. It seeks to explain the similarities and differences of agency control and steering in the two selected post-communist countries: Lithuania and Romania. Our comparative research is based on desk research and statistical analysis of the COBRA data. In contrast to Romania whose agency management has gravitated around the Weberian-style model, Lithuania has shifted its agency landscape more towards the NPM-style management as a result of more extensive and centralized managerial reforms in the 2000s. This is attributable to a more systemic and top-down approach to result-oriented management in the latter country. Despite the adoption of NPM-inspired reforms in Romania and Lithuania, agencies in these countries do not exhibit systematic relationships between the level of autonomy and *ex post* control, which can be related to incomplete implementation, differences in the selected management instruments, and certain agency specificities.

Keywords: Central and Eastern Europe, Lithuania, Romania, management of government agencies, agencification.



1. Introduction

Over the past decades countries of Central and Eastern Europe (CEE) have undergone substantial political and administrative changes as part of their post-communist transformation and accession to the EU. The process also included numerous managerial reforms of public administrations (Mora and Țiclău, 2008; Nakrošis, 2008; Bouckaert *et al.*, 2011). In an attempt to break from the communist past the CEE countries started from relatively similar positions and were subject to shared external pressures (specially economic and political transition, and accession to the EU). However, the outcomes of reforms are divergent in these countries. Therefore, this article seeks to explore how reform policies differed across countries and government organizations, as well as whether they produced different outcomes on result-based management.

Although previous research provided single-country studies or broad few-country comparisons of national reforms (e.g. Bouckaert *et al.*, 2011), there have been only a few comparative analyses based on multi-country statistical data. For instance, Overman, van Genugten and van Thiel (2015) included both Lithuania and Romania in the sample of six countries in their analysis of accountability arrangements in government agencies. They were found to fit the same general modernizing trajectory (with Lithuania having a somewhat higher degree of marketized accountability arrangements at agency level), but no specific mechanisms leading to these similarities and differences between these countries were investigated. Also, none of the previous analyses tested specific hypotheses of managerial reforms in the CEE region. Therefore, based on the existing theory this article pursues a more in-depth comparison of agency management (autonomy, control, and steering of government agencies) in the two selected CEE countries: Lithuania¹ and Romania².

Our comparative analysis is limited to these two countries because they were the only CEE countries whose survey data on government agencies were available. Both countries were among the agencification leaders in Europe in the 1990s and early 2000s. Lithuania (together with Norway) charged most executive tasks (88%) to agencies from all Western and Eastern European countries included in the comparative 21-country CRIPO study, with Romania running closely behind (80% of these tasks were agencified) (van Thiel, 2011).

The recent global financial crisis created pressures to rationalize the fragmented and inefficient agency structures. The number of agencies in Lithuania (central-level institutions, including territorial units) dropped from 1,023 at the end of 2008 to 707 at the end of 2011 as a result of de-agencification pursued by the Lithuanian authorities (Nakrošis and Budraitis, 2012). A similar process took place also in Romania: in 2009, the Romanian government restructured or abolished 119 agencies (Bouckaert *et al.*, 2011). In addition, during the financial crisis the governments of both countries

1 A small country with the population of 3 million in 2011.

2 A medium-sized country with the population of 19 million in 2011.

explored NPM ideas and introduced new managerial tools (Nakrošis and Martinaitis, 2011) in order to increase control over agencies' performance.

The main purpose of the article is to describe and explain the level of *ex post* control and types of steering arrangements of government agencies in the two selected countries. More specifically, it answers the following research questions: (1) How do state-specific factors and (2) agency-level factors explain the similarities and differences of agency *ex post* control and steering in these countries?

Agency control, which is our first dependent variable, is defined as a process that enables political principals to ensure that agencies pursue set objectives. *Ex post* control refers to the assessment of objectives' achievement and provision of performance related rewards/sanctions. Agency steering, which is our second dependent variable, refers to instruments used by political principals or agencies' CEOs to guide day-to-day activities of an agency.

We focus on two groups of external (multi-annual planning and public reporting) and internal (quality standards and process restructuring) steering instruments.

We define agencies as organizations based on public law, with a distinct legal personality, structurally disaggregated from the core government, but placed under the executive's control (Pollitt, 2004a; Verhoest *et al.*, 2010). These agencies are engaged in service delivery, regulation and control, other policy execution, and advice to policy-making. Both formal (institutionalized) and informal mechanisms of agency control and (external and internal) steering, which are exercised by political principals, third parties, and agency management, are examined in this article.

Our research is based on desk research and statistical analysis of the COBRA survey³ data measuring the perceptions of agency managers from the joint COBRA database (COBRA (CRIPO) network 2011). We combine two levels of analysis (a country level and an organization level) in order to provide a balanced understanding of agency management in the CEE region.

The article is divided into several sections. First, we outline our theoretical framework and hypotheses for the analysis of agency control and steering in the CEE region. The second section presents methodology and the main outputs of descriptive statistics and correlations, while the third section provides the empirical findings of our comparison. Finally, the article concludes by summarizing the main empirical results of our comparative analysis, as well as discussing their empirical implications and offering ideas for future research.

2. Theoretical framework

In order to explain similarities and differences in *ex post* control and steering of agencies in the selected countries, we adopted two explanatory approaches: the transformative approach at country level and the NPM model at agency level.

3 COBRA is Common Public Organisation Data Base for Research and Analysis, [Online] available at <http://soc.kuleuven.be/io/cost/survey/>.

2.1. State-level factors

We use the transformative approach (Christensen and Lægreid, 2001) as an overarching theoretical framework for state-level explanations. It argues that international pressures on agency management (like the NPM model or specific requirements of EU membership) are transformed by different state-specific factors or actor constellations (Verhoest *et al.*, 2010, pp. 41-42).

Two major trends affected agency management in the post-communist countries in the 1990s and 2000s. First, the transition from communism to democracy and a market economy shaped state institutions (including government agencies) and their relationships with other actors. Second, the accession process allowed EU institutions to influence public management reforms in the CEE countries through a combination of hard governance instruments (like the conditionality of the EU membership) and soft mechanisms (such as 'naming and shaming' or sharing of good practices).

It is not surprising that state reforms and the EU accession were identified as the two main drivers of agency change in CEE, including Lithuania (Nakrošis and Budraitis, 2012). Nevertheless, the impact of EU accession and state reforms was not uniform. Although in the preaccession period all EU candidate countries implemented very similar requirements (e.g. professionalization of the civil services and the establishment of government agencies for the application of specific EU rules), previous studies of public management changes found somewhat divergent trends of de-politicization (Meyer-Sahling, 2011) and performance management (Hammerschmid and Löffler, 2015). Different political-administrative factors (types of administrative systems or different reform agendas) could have shaped varied domestic responses to the external pressures of Europeanization.

During the processes of transition and EU accession, as well as the recent financial crisis, some CEE governments aimed to make their administrations more result- and customer-oriented through the introduction of various NPM solutions (such as business/strategic planning, quality management, or performance appraisal). Although the post-communist countries shared the main objectives of reforms, their trajectories and initiatives were quite different due to different reform priorities. Whereas the Baltic countries (including Lithuania) introduced more extensive systems of performance management, other CEE countries (including Romania) were more active in applying quality management tools, such as the Common Assessment Framework (CAF) (Bouckaert, Nakrošis and Nemec, 2011).

According to Pollitt and Bouckaert (2011), results of public management reforms depend not only on the content of reform packages but also on their implementation process. Differences in reform implementation affect actual changes at agency level. Public management reforms, including the ones inspired by the NPM doctrine, are seldom carried out in a comprehensive way (Bouckaert, Nakrošis and Nemec, 2011). Lack of implementation capacity, which is one of the key factors affecting success of NPM reforms in post-communist countries, or resistance from various interest

groups (including agency management, staff or civil service unions) can constrain achievement of the intended results.

Furthermore, the style of reform implementation can matter to reform delivery at agency level. On the one hand, centralized or top-down reforms set mandatory requirements that should be met by all agencies in the public administration system. On the other hand, decentralized or bottom-up reforms define overall goals whose implementation remains largely at the discretion of agency managers.

The level of centralization could be particularly important for the CEE countries characterized by the Rechtsstaat tradition and insufficient implementation capabilities (e.g. Neshkova and Kostadinova, 2012). Strict following of legislation and procedural regulations makes the execution of top-down reforms more likely. In contrast, delivery of more decentralized initiatives is likely to be more successful in more advanced public administrations with a strong performance orientation and larger administrative discretion, which allows agency management to adapt to the specific challenges they face in a flexible way. There is some evidence that in the CEE region the top-down approach in introducing performance management (especially in Lithuania) produced faster results, while more bottom-up initiatives created strong variation across different public administration institutions due to their mixed responses during implementation (the World Bank, 2006).

Therefore, it is important to assess if differences in the design of reform initiatives and their implementation strategies have any influence on agency control and steering in Lithuania and Romania. We hypothesize that:

H1: As a result of the more systemic and top-down approach to result-oriented management, Lithuanian agencies face stronger results-based control and apply steering instruments more frequently compared to their Romanian counterparts.

If the implementation of managerial reforms introduced stronger *ex post* control of agencies, we will also analyze, if a shift occurred from input-based to result-based management in Lithuanian and Romanian public administrations.

2.2. Agency-level factors

As discussed above, both countries inherited post-communist public administration systems. Public sector organizations within such systems enjoyed low levels of autonomy and low *ex-post* control, i.e. whereas use of inputs and operating procedures were thoroughly regulated (although not universally followed), results-based accountability was low. Ideological and political reliability as well as personal loyalty (manifested by bending and braking of rules to achieve political or personal objectives or carry out *ad hoc* requests) were the main criteria for organizational (and personal) success (Meyer-Sahling, 2009).

NPM-style reforms initiated since the collapse of communism sought to change both the level of autonomy and the level of *ex post* control. The NPM doctrine argues that low levels of autonomy constrain managers' capacities in delivering the expected

results, whereas lack of results-based (*ex post*) control impedes incentives to perform. Hence, in the face of a perceived lack of innovation and results orientation of traditional bureaucracies, NPM reforms advocate 'letting managers manage' (increasing managerial and policy autonomy) and 'making managers manage' (sanctions and rewards linked to organizational results) (Verhoest, Verschuere and Bouckaert, 2007). Thus, in case of thorough implementation of NPM reforms we should witness compensatory mechanisms that govern the level of autonomy and control, i.e. higher levels of autonomy should be compensated by higher *ex post* control (Verhoest *et al.*, 2004). Such baseline scenario may not materialize at agency level not only due to limited implementation of NPM reforms (see above), but also due to differences in the instruments used to ensure *ex post* control and autonomy, as well as specific agency-related factors.

NPM reforms may result in a varying mix of instruments deployed to safeguard autonomy and ensure *ex post* control. Increased autonomy could encompass a number of areas, such as policy autonomy (choice of policy instruments to achieve set objectives) or human and financial resources management autonomy. Similarly, *ex post* control can be achieved through a number of instruments, such as setting and monitoring achievement of performance indicators, provision of financial rewards or sanctions, and/or external audits (Overman, van Genugten and van Thiel, 2015). As a result, reforms aimed at 'letting managers manage' and 'making managers manage' can result in varying combinations of autonomy and *ex post* control instruments.

Also, the compensatory relationships between autonomy and *ex post* control should not necessarily hold due to different 'demographic' characteristics of public sector organizations. Agencies located close to the political core and charged with politically salient tasks could face a quite different (and typically informal) operating environment in comparison to those working with less politically salient issues. For example, it is likely that the former will be more often evaluated in terms of capacities to handle politically sensitive issues rather than achievement of formal targets as stipulated in strategic plans.

Furthermore, political masters are also more likely to interfere in the decision-making of formally autonomous agencies, if such decisions are viewed as having significant political repercussions. Therefore, agencies dealing with politically salient issues could be subject to considerably lower autonomy and higher *ex post* control in comparison to other organizations (Roness *et al.*, 2008). This further suggests that the landscape of agencies in terms of autonomy and control could be far from clear cut. While some agencies might exhibit high autonomy and *ex post* control, other government organizations may be subject to low autonomy and high *ex post* control or vice versa.

In summary, to the extent that NPM reforms were successfully implemented in Romania and Lithuania, we should witness that more autonomous organizations are also subject to higher *ex post* control. However, as the above discussion suggests, incomplete implementation, differences in the selected management instruments, and

certain agency specificities should undermine the emergence of clear-cut relationships between autonomy and *ex post* control in Romania and Lithuania. Therefore, we expect that:

H2. Despite the adoption of NPM-inspired reforms, agencies in Romania and Lithuania should not exhibit systematic relationships between the level of autonomy and ex post control.

3. Data and methodology

We tested our hypotheses using the data collected from the COBRA survey of Romanian and Lithuanian agencies (N=119). This section presents this data source and explains how we developed all indexes used in our article. Table 1 summarizes all dependent and independent variables, highlighting the main descriptive statistics and correlations. Table 2 reveals average scores by country and indicates the cases where there is a statistical difference between the Lithuanian and Romanian agencies.

3.1. Agency population

The data for Lithuania were collected in 2008 from government agencies, agencies under the ministries, and other public sector organizations which carry out public administration functions at the central level of government. We surveyed 263 organizations and received 73 valid answers (the response rate was of 27.7%).

For Romania, we collected the data in 2010 from central government public organizations that (adapted from Pollitt, 2004a): had separate legal personality; carried out tasks at the national level; did not have commercial activity; were subordinated to the executive government; were vested in public law (either law or other governmental act); and were staffed with public employees. We surveyed 125 public organizations, 46 of which responded (the response rate of 36.8%).

The larger sample of Lithuanian agencies is related to the more centralized nature of the Lithuanian government where there is no regional level of government (corresponding to the county level in Romania) and the fact that the Lithuanian COBRA survey was executed prior to the recent process of de-agencification. Agency managers or their representatives responded to the COBRA questionnaires during the online surveys in both countries.

3.2. Variables

Control refers to the processes and instruments used by political principals to ensure that agencies deliver expected results. *Ex post* control⁴, which is our dependent variable, encompasses monitoring results of agencies' activities and imposing perfor-

⁴ *Ex ante* control would refer to the extent to which agency is controlled by appointing/dismissing staff. For example, arrangements whereby agency CEO is granted an indefinite duration contract and is protected against dismissal would signify low *ex ante* control, since political principals cannot interfere by changing the management.

mance based sanctions/rewards. Accordingly, we operationalize control as a set of dichotomous variables that measure whether or not a parent ministry evaluates results of an agency, a parent ministry mandates result evaluation to third parties (e.g. audit offices or external evaluators), an agency faces sanctions in the case of failure to reach agreed results, and rewards in the case of very good performance⁵.

Ex ante control refers to the extent to which agency is controlled by appointing/dismissing staff. We assess *ex ante* control by using a proxy: whether an agency CEO is appointed on a fixed-term or permanent basis. We argue that by appointing an agency head on a fixed-term contract parent ministries exercise a *de facto ex ante* control as this type of control makes a CEO more receptive to steering.

Steering techniques encompass externally and internally driven instruments. The former refer to *ex post* managerial instruments used by executive politicians in order to foster political control and accountability. Our analysis captures the following frequently applied external steering techniques: organizational planning over years (multi-year plans or business plans) and public reporting on performance (e.g. yearly reports and budget reports).

Internal steering techniques refer to the instruments applied within an organization. The principal 'owner' of results is a CEO whose overall objective is better organizational management. Although the survey captured several internal steering techniques, this article focuses only on the adoption of quality standards and internal process restructuring to market, product, or target group as these techniques are the most relevant for testing our hypotheses⁶.

Autonomy and control are highly interrelated, both referring to formal or informal rules within which agencies operate. Following Verhoest *et al.* (2004), we define autonomy as the circumstances in which an organization (or a CEO) can decide without an *ex ante* approval from a parent ministry or political principals. We distinguished between strategic, operational, financial, and policy autonomy (the choice of a policy instrument). Strategic personnel autonomy is an index summarizing the 'yes' or 'no' answers given to five questions concerning agency discretion in designing policies for human resource management⁷ (e.g. can an organization, without interference from above, set general policy concerning promotion?). Likewise, operational personnel autonomy summarizes the dichotomous answers given to the same five questions concerning agency discretion in deciding on specific cases⁸ (e.g. can an organization,

5 Cronbach's Alpha, which is a coefficient of internal consistency, for all *ex post* control variables: 0.26. Thus, we cannot make an overall *ex post* control index. Additionally, because Cronbach's Alpha for reward and sanction is 0.268 and that for result evaluation is 0.19, we cannot develop partial result evaluation or reward/sanction indexes.

6 Cronbach's Alpha for steering techniques is 0.24. This suggests low level of internal consistency, which precludes development of an index on steering techniques.

7 Cronbach's Alpha 0.84.

8 Cronbach's Alpha of 0.75.

without interference from above, decide the promotion of an individual employee?). The financial autonomy index summarizes the answers given to the four questions related to financial matters: take loans, set tariffs, shift personnel and running costs, as well as shift personnel or running costs with investments⁹. Lastly, policy autonomy describes the discretion agencies have in choosing policy instruments, ranging from no discretion (the ministry decides) to full discretion (the agency decides without any intervention from its parent ministry).

The available dataset does not provide a direct measure of political salience of tasks performed by an agency. Therefore, we use *budget as a proxy for salience*. This is based on an assumption that larger agencies are charged with more politically salient tasks. We assume that agencies with the budget equal to or exceeding EUR 10 million perform politically salient tasks.

All statistical tests were conducted using SPSS 19.

4. Empirical results

4.1. Country-level explanations

Our first hypothesis concerned with the impact of public management reforms on agency management, arguing that more systemic and top-down reforms would lead to higher results-based *ex-post* control and a more active application of steering techniques aimed at improving results- and customer-orientation.

Our statistical analysis indicated significant cross-country variation in the arrangements of *ex-post* control and steering (Table 2) that largely corresponded to our predictions. For instance, the Lithuanian agencies more frequently face result evaluation by third parties mandated by the parent ministry (independent evaluators or auditors) compared to the Romanian agencies (67.1% vs. 4.5%). Furthermore, the Lithuanian agencies more frequently apply important steering instruments in a statistically significant way: the mean of multi-annual planning in Lithuania is 0.86 (compared to 0.62 in Romania), while that of internal process restructuring is 0.77 (compared to 0.43) in respective countries. However, in contrast to performance management, the Romanian agencies implemented quality management instruments more actively (with the mean of 0.62 in Romania compared to 0.41 in Lithuania). This difference between the two countries is also statistically significant. There is no statistically significant difference between the countries in terms of public reporting, which is frequently applied in both the Romanian and Lithuanian agencies.

This variation could be attributed to the fact that Lithuania achieved more progress in implementing managerial reforms and a few differences in terms of reform design and execution. In 2000, Lithuania adopted performance management in central government institutions (including agencies), involving all stages (planning, monitoring, and evaluation) of strategic and operational performance. Although this

⁹ Cronbach's Alpha of 0.74.

Table 1: Reports of agency characteristics: correlations and descriptive statistics (N=119)

Variables	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1. Country (RO/IT)	1																			
2. Budget in mill/euro	-.149	1																		
3. Number of FTE	-.058	.171	1																	
4. Type of contract for CEO ^a	-.241*	-.052	.062	1																
5. Strategic personnel autonomy ^a	.095	.014	-.040	-.086	.183	1														
6. Operational personnel autonomy ^a	.432**	-.047	.012	-.228*	.104	.371***	1													
7. Financial autonomy ^a	.055	-.010	.085	-.005	.150	.425***	.234*	1												
8. Policy autonomy ^a	.239*	-.055	-.040	-.015	-.100	.164	.213*	.107	1											
9. Internal processes restructuring ^b	.516***	-.035	.052	-.339***	.138	.015	.143	.143	-.052	1										
10. Quality standards ^b	-.254**	.195	.163	-.124	.009	.113	.031	.225*	-.034	.146	1									
11. Planning ^b	.399***	-.105	.072	-.241*	.074	-.043	.184	.011	.124	.324**	.100	1								
12. Public reporting on performance ^b	.075	.086	.095	-.282**	.050	.015	.244**	.036	-.116	.023	.088	.097	1							
13. Result evaluation by ministry	-.025	.091	.099	.047	.152	.105	-.096	.014	-.036	.294**	.083	.120	-.134	.048	.132	.075	1			
14. Results evaluation by third party	.611***	-.013	.041	-.246**	.026	.114	.222*	.008	.030	.521***	-.025	.180	.037	.051	.271**	-.152	.110	1		
15. Rewards	.151	.194	.067	-.206*	.196*	.100	.050	.013	-.118	.240*	-.068	.140	-.044	.091	.081	-.236*	.142	.194*	1	
16. Sanction	-.261***	.169	.175	-.090	.023	.194*	-.025	.098	-.027	-.008	.163	.020	.084	.061	-.046	.125	.096	-.135	.157	1
Mean/percentage	38.7/61.3	41.4	472.8	31.6%	33.3%	.43	.83	.23	.68	.65	.49	.77	.83	.76	.89	42%	66.7%	43.6%	23.7%	39.8%
Standard deviation	-	210.7	1898.1	-	-	.37	.25	.25	.31	.31	.40	.29	.29	.23	.22	-	-	-	-	-
Range	-	<1-1,951	0-15,539	-	-	0-1	0-1	0-1	0-1	0-1	0-1	0-1	0-1	0-1	0-1	-	-	-	-	-
N	119	102	115	113	117	112	117	107	104	107	109	110	111	113	110	112	117	117	118	113

^a No decision-making power = 0, full decision-making power = 1

^b No use of the managerial tool = 0; use of managerial tool = 1

^c Temporary CEO contract = 0; undetermined CEO contract = 1

*p < .05, **p < .01, ***p < .001

Source: Authors' calculations

reform was not driven by the obligations of EU membership, it addressed the gap between governmental commitments and budgetary resources by developing an integrated planning and budgeting system (Evans and Evans, 2001). Under the new system, each budgetary institution had to prepare a three-year strategic performance plan and budget programs, as well as to publicly announce their annual performance reports. Moreover, in the 2000s the Lithuanian agencies became subject to independent performance audits carried out by the National Audit Office and program evaluations commissioned by the Lithuanian ministries (Nakrošis, 2008, p. 80).

Similarly, the Romanian authorities initiated performance management reform in 2003 in order to develop strategic thinking and planning. Central (ministries and prefectures) and county institutions were required to develop multi-annual modernization plans, consisting of a modernization strategy for a three-year period, an action plan for accomplishing this strategy, and an annual monitoring report on the attainment of strategic objectives (Profiroiu, 2005).

If the content of these performance management reforms was quite comparable, their implementation strategies were somewhat different. In Lithuania, the preparation of three-year strategic action plans and performance indicators, as well as annual performance reporting was mandatory to all budgetary institutions. Performance planning and measurement was found to be quite advanced in this country, but use of performance information in the decision-making process was still limited (Nakrošis, 2008, p. 92). In Romania, on the other hand, the reform followed a more decentralized approach. By 2006, the performance management initiative was adopted by only 4 ministries (out of 15), 35 prefectures (out of 42), and 29 county councils (out of 41), and the Romanian agencies were not directly engaged in this initiative – only some agencies voluntarily adopted these performance documents at a later stage (Mora and Țiclău, 2008, p. 95).

Furthermore, both CEE countries launched some quality management initiatives. In contrast to performance management, Lithuania largely followed a decentralized approach to quality management. Although the Common Assessment Framework (CAF) became part of the action plan for public administration development in 2005, its application has never become a reform priority. Only some Lithuanian public sector organizations voluntarily implemented certain quality management initiatives. For instance, the 2008 survey of state and municipal institutions revealed that only 32% (47 out of total of 146 institutions surveyed) of these institutions applied ISO standards, CAF or other quality standards (Nakrošis and Černiūtė, 2010).

In Romania, the central government started actively promoting quality management standards in 2004. For instance, 280 civil servants benefited from CAF training by 2010, covering all county councils, prefectures, and most of the cabinet (15 ministries) (Androniceanu, 2010). By October 2012, the European Institute of Public Administration registered 49 Romanian CAF users, and only 20 of those from Lithuania. This difference reflects not only the different sizes of these countries and their

administrations but also a greater emphasis of the Romanian authorities on quality management practices.

Overall, our evidence to a large extent supports the first hypothesis on the influence of systemic and top-down reforms on agency management in Lithuania and Romania. If the Lithuanian agencies face stronger results-based control and apply steering instruments more frequently in the area of performance management, the Romanian agencies are more advanced in terms of quality management instruments. Also, lack of implementation capacity can be a bigger obstacle to reaching reform objectives in Romania, but additional cross-country evidence is necessary to assess the influence of this factor.

Table 2: Similarities and differences between the Romanian and Lithuanian agencies

	Lithuania		Romania	
	Mean (Std. Dev.) or %	N	Mean (Std. Dev.) or %	N
Autonomy				
Strategic personnel ^a	0.45(0.41)	68	0.38(0.30)	44
Operational personnel ^a	0.92(0.19)	71	0.70(0.27)	*** 46
Policy ^b	0.75(0.34)	62	0.59(0.23)	*** 42
Financial ^a	0.24(0.25)	64	0.21(0.24)	43
External steering ^b				
Planning	0.86(0.22)	69	0.62(0.33)	*** 41
Public reporting	0.85(0.28)	69	0.80(0.31)	42
Internal steering ^b				
Quality standards	0.41(0.43)	68	0.62(0.31)	*** 41
Process restructuring	0.77(0.26)	69	0.43(0.28)	*** 38
Control ^b				
Ex-ante (fixed term)	68.6%		44.2%	**
Ex-post				
Result evaluation by third parties	67.1%	73	4.5%	*** 44
Result evaluation by parent ministry	65.8%	73	68.2%	44
Sanctions	29.4%	68	55.6%	** 45
Rewards	28.8%	73	15.6%	45
Budget (mil. Euro) ^a	16.7 (56.9)	63	81.23(331.7)	39
Full time employees ^a	384.1(1879.6)	70	610.7(1939.7)	45

^a Country difference tested using ANOVA.

^b Country difference tested using Pearson Chi Square.

Note: the means range from 0 to 1, 0 meaning the absence of that characteristics and 1 meaning maximum intensity.

*p < .05, **p < .01, ***p < .001.

Source: Authors' calculations

However, more progress in the implementation of managerial reforms in Lithuania has not produced a shift from *ex-ante* to *ex-post* control. For instance, we found that 68% of heads of the Lithuanian agencies are appointed for a fixed term, while this is the case for only 44% of the Romanian agencies (with the difference between the countries being statistically significant; see Table 2). This implies that the CEOs of Lithuanian agencies, while being more strongly controlled on the *ex-post* basis, re-

main also quite sensitive to instructions from executive politicians due to their temporary status of employment.

In Lithuania, the managerial instruments of *ex-post* control were introduced on the top of the existing *ex-ante* controls, reinforcing the overall agency control rather than shifting from *ex-ante* control to *ex-post* control. Since fewer Romanian government agencies face *ex-ante* and *ex-post* controls, the nature of control exercised over their management appears to be somewhat weaker but more balanced.

The following section examines the level of autonomy and control at agency level, testing the hypothesis that more autonomous organizations should also be subject to higher *ex-post* control and vice versa.

4.2. Agency-level explanations

As the second hypothesis suggests, there is significant variation in terms of autonomy and control of agencies in Lithuania and Romania (see Table 2). The majority of agencies in both countries enjoy operational personnel management autonomy (i.e. can make decisions regarding specific employees) and discretion in terms of choice of policy instruments. However, only a fraction of agencies have financial and strategic personnel management autonomy (i.e. they are able to take decisions on rules governing employment, promotion, and dismissal). Furthermore, less than 30% of agencies in both countries receive rewards (a measure of *ex-post* control) in the case of good performance. A larger proportion of agencies face sanctions, if they do not meet the targets. This suggests that the overall landscape of agencies' autonomy and control is 'messy', i.e. there are no clear-cut patterns of low autonomy-low control or high autonomy-high control at national level.

In order to assess these relationships more systematically at agency level, we tested our second hypothesis by using appropriate statistical tests. The analysis of agency autonomy and control revealed that only two sets of variables are statistically related: the agencies that enjoy more strategic human resource autonomy face sanctions more often (Pearson coefficient = 0.194*, $p = 0.043$) and the agencies that have more discretion in their operational human resource management are more frequently evaluated by external actors (Kendall's tau_b coefficient = 0.247**, $p = 0.008$). There is no relation between autonomy and other control variables (see Table 1). We have also tested this hypothesis with alternative methods, which yielded the same results.

Furthermore, we explored how the relationships between autonomy and control change for different types of agencies. If only large agencies (presumably working with politically salient issues) are included in the analysis, higher strategic personnel management autonomy remains positively correlated with the likelihood of facing sanctions (Pearson coefficient = .0239, $p = .035$, $N=78$). Furthermore, a positive correlation between financial autonomy and sanctions emerges in the sample of large agencies (Pearson coefficient = .0259, $p = .025$, $N=75$). However, there is no statistically significant relationship between the other variables measuring autonomy and control of agencies. The results still stand when controlling for inter-country variation. There-

fore, there is very limited empirical support for the argument that larger agencies (presumably dealing with more politically salient issues) are subject to considerably lower autonomy and higher *ex-post* control in comparison to other organizations.

Overall, these results suggest that while compensatory relationships between autonomy and control do exist for some of the agencies in our sample, they are far from widespread. The largest bulk of agencies can neither be described as belonging to the Rechtsstaat tradition (characterized by low autonomy and control) nor exemplify NPM-style agencies (featuring high autonomy and control). This suggests that some agencies enjoy higher autonomy but are not controlled on the basis of results, whereas others face sanctions in the case of poor performance but do not have the autonomy to deliver the results. Such cases exemplify the worst of two worlds of mixing NPM with the Rechtsstaat tradition in the post-communist countries.

5. Conclusions and discussion

The comparative analysis of the Lithuanian and Romanian government agencies identified some important country and agency-specific similarities and differences of their *ex-post* control and steering. Lithuania has exposed its public sector organizations more to the NPM-style management. In comparison to Romania, its agencies enjoy higher autonomy and higher *ex-post* control based on the assessment of results carried out by third parties. In contrast to Lithuania, Romania has gravitated more around the Weberian-style model with lower autonomy and *ex-post* control focused on sanctions, despite incorporating some NPM ideas. These findings are in line with previous researches (Bouckaert, Nakrošis and Nemeč, 2011; Hammerschmid and Löffler, 2015; Overman, van Genugten and van Thiel, 2015), which indicated that Lithuania was more advanced in terms of NPM, while Romania followed a more mixed and incremental approach.

Our research also confirms the conclusions of previous research that reform design and execution matter in the CEE region (e.g. Bouckaert, Nakrošis and Nemeč, 2011; Neshkova and Kostadinova, 2012). The more extensive scope and more intense implementation of the Lithuanian reform initiatives can explain cross-country differences in the *ex-post* control and steering of its government agencies. However, there is no evidence to suggest that there has been a shift in administrative culture from input-based management to result-based management neither in Lithuania (where managerial instruments of *ex-post* control were combined with the existing instruments of *ex-ante* control) nor in Romania (where managerial changes occurred on a much smaller scale).

Second, our analysis supported our hypothesis explaining variation in autonomy and *ex-post* control at agency level. The absence of significant statistical relations between these variables indicates the general pattern of indifference where the higher autonomy of government agencies is most often not balanced by a higher level of their *ex-post* control.

Despite the adoption of NPM-inspired reforms, agencies in Romania and Lithuania do not exhibit systematic relationships between the level of autonomy and *ex-post*

control. As our discussion above suggested, this can be related to incomplete implementation, differences in the selected management instruments, and certain agency specificities.

Overall, these findings suggest the emergence of a patchwork of different autonomy, control, and steering regimes in the post-communist countries, whereby similar agencies could be subject to quite different management arrangements. Lack of systemic arrangements could be the unintended outcome of incoherent or incomplete administrative reforms, which are often carried out with minimum capacities and resources (Pollitt, 2004b; van Thiel, 2011). This could also indicate that CEE executive politicians or other external actors (including the EU institutions) perceive some agencies as more politically salient than others.

The simultaneous application of various control and steering instruments could produce the problems of coordination, micro-management, administrative burden, or even top management instability, constraining the capacity of different types of agencies to pursue their objectives and produce the expected results. Therefore, in order to avoid this situation, CEE governments should consider the combined effects of different control and steering practices when designing new agency management arrangements (Verhoest *et al.*, 2011).

Finally, some limitations to the methods, data, and findings of this article should be mentioned. First, the COBRA survey measured subjective perceptions of the agency managers who may have an interest to report a rather positive and successful image of their organizations. This possible bias was controlled when designing the COBRA questionnaire (e.g. by developing quite specific survey questions and answer options) and interpreting the survey data. Second, the COBRA surveys captured the situation of agency management in 2008 (in Lithuania) and 2010 (in Romania). It is possible that the Lithuanian and Romanian agencies experienced important organizational changes as a result of new reform initiatives implemented during the recent financial crisis.

Third, although our conclusions correspond well to the results of previous research on agency management in the CEE region, one should be cautious about external validity of our comparative analysis whose scope was limited to the two post-communist countries. Future comparative research could be extended to other CEE countries in order to undertake many-country comparisons which could offer broader generalizations about the impact of reforms on agency management.

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