

CIVIL SERVICE LAWS, MERIT, POLITICIZATION, AND CORRUPTION: THE PERSPECTIVE OF PUBLIC OFFICIALS FROM FIVE EAST EUROPEAN COUNTRIES

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Research on bureaucracy and corruption tends to concentrate on cross-national research taking countries as the unit of analysis. Yet national-level measures neglect large differences within countries. This article therefore takes the perspective of individual bureaucrats. It studies how public officials' experience with bureaucratic institutions affects corruption within their sphere of work. Based on a survey of central government officials in five post-communist states, the article examines how public servants' views on civil service laws, the quality of their implementation, merit recruitment, and the politicization of appointments associate with rumours of kickbacks in their place of work. The analysis shows that merit recruitment is associated with less corruption, while politicization is associated with more corruption. In contrast, civil service laws are negatively associated with corruption only if they are properly implemented. The findings complement and qualify country-level research, approaching more closely the micro-foundations of the relation between bureaucracy and corruption.

INTRODUCTION

The quality of public bureaucracy is widely regarded as an important determinant of corruption (Tanzi 1998; Cardona 1999; Treisman 2000).¹ Recent contributions stress the merits of the classic Weberian model of bureaucracy, in particular, the positive impact of merit recruitment on lowering corruption (Rauch and Evans 2000; Dahlström *et al.* 2012). By contrast, the role of other features of Weberian bureaucracies such as separate employment laws, formal examination systems, and permanent tenure remain contested. Moreover, studies of the impact of public sector wage levels have led to contradictory results (Treisman 2000; Van Rijckeghem and Weder 2001; Dahlström *et al.* 2012; Sööt and Rootalu 2012).

Previous studies have typically been based on cross-country analyses that are primarily reliant on countrywide expert assessments of corruption and bureaucratic quality (e.g. Dahlström *et al.* 2012; Neshkova and Kostadinova 2012). These measures are routinely criticized for their validity; their reliance on the perception of external observers, mostly international business elites; the difficulty of comparing measurements across countries and time; and the politicization of governance indicators by policy-makers and the media (e.g. Andersson and Heywood 2009; Olken 2009; Rose and Mishler 2010; Thomas 2010).

In this article, we provide an alternative perspective for the study of bureaucracy and corruption that shifts the analysis away from the national level (see also Gingerich 2013a; Rothstein *et al.* 2013; Charron *et al.* 2014). Specifically, we present individual-level data from a survey of ministerial bureaucrats in five East European countries and analyse the relation between corruption and four areas of personnel management: the role of civil service laws, the quality of their implementation, merit recruitment, and the politicization of appointments.²

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Individual citizens' perceptions of government quality and performance are increasingly being made subject to empirical research, for instance, in the context of the World Value and Eurobarometer surveys. However, there is still much less evidence that seeks to capture the perspective of public officials, particularly central government officials (for recent innovations, see Sööt and Rootalu 2012; Gingerich 2013b; Kwon 2014; for early research on local government officials, see Miller *et al.* 2001). While we do not deny that national-level factors matter for corruption, we would expect that within a given country public officials are exposed to vastly different risks and rumours of corruption, depending on their position and their work environment. The main purpose of this article is therefore to shift the focus of attention to the world of public officials and to ask whether the findings of cross-country studies still hold when taking their perspective. The change of perspective has both theoretical and methodological benefits.

On the theoretical side, claims about the causes of corruption are – as Treisman (2007, p. 222) points out – usually focused on individuals. They are conceived as deciding whether or not to engage in corruption, while institutional, social, cultural, and economic factors shape and constrain their choices. Country-level studies do not, therefore, directly test their theoretical claims but aggregate decisions of individuals within a country to then test them by comparing across countries. By taking the perspective of individual officials, we therefore provide an approach that reconciles the discrepancy between theoretical and empirical levels of analysis.

On the methodological side, aggregation is problematic because it neglects variation within countries. Existing evidence (Gingerich 2013a, 2013b; Charron *et al.* 2014) and the evidence we present in this article suggests that both bureaucracy and corruption vary within countries and that within-country variation is often more prominent than between-country variation. Gingerich (2013a) shows that the neglect of within-country variation leads to biased estimates in country-level regressions. This means that findings from existing studies risk not holding if we take the level of empirical analysis closer to their own theoretical propositions – doubtlessly a serious concern.

In addition, public officials are, thanks to their position, much closer to certain types of corruption than citizens and, in particular, experts who are asked to take a general view on corruption in a country. A small number of existing studies have relied on data from public service providers who, along with recipients of public services, provide information on side payments and petty extortion in the interface between citizens and public administration (e.g. Miller *et al.* 2001). By contrast, surveying central government officials should help to reveal day-to-day problems of corruption that are scattered across the policy-making and coordinating institutions of central government ministries and agencies.

With this background in mind, we aim to advance existing cross-country research by providing new evidence and reassess it using an alternative approach. Our data are drawn from a survey of ministerial bureaucrats in Poland, Latvia, Croatia, Serbia, and Montenegro. The relation between the quality of bureaucracy and corruption is especially salient in post-communist states that have acquired or seek EU membership. Corruption in post-communist Europe has been an endemic problem. The communist legacy of the past, the dual transformation to democracy and market, and the weakness of the post-communist state have been identified as major sources of corruption (Miller *et al.* 2001; Karklins 2005; Holmes 2006; Kostadinova 2012).

Our analysis confirms, first, that problems of corruption do indeed vary widely within countries and even within institutions. Second, we find that merit recruitment and politicization are associated with less and more corruption, respectively. Moreover, the quality

of the implementation of civil service laws is negatively related to corrupt practices. By contrast, formal regulation by civil service laws is not directly associated with corruption. Rather, we find that civil service laws matter indirectly through the quality of their implementation.

The findings have important implications for the study of bureaucracy and corruption. They reinforce the need to adopt research designs that take the individual as the unit of analysis rather than countries (see also Gingerich 2013a). They further emphasize that the effectiveness of anti-corruption interventions hinges on the quality of implementation, thereby challenging arguments that focus solely on the relation between the adoption of civil service laws and corruption (Grzymala-Busse 2007; Neshova and Kostadinova 2012). Lastly, our findings resonate closely with cross-country studies by Rauch and Evans (2000) and Dahlström *et al.* (2012). Yet they indicate that in addition to the merits of meritocratization, we should consider the perils of politicization for corruption in public administration.

THE MERITS OF WEBERIANESS AND CIVIL SERVICE REFORM

This section develops four hypotheses that will guide our analysis. Following the core of the debate, we focus on personnel-related aspects of managing public bureaucracies. We begin our discussion with large-N, cross-country research into the relation between Weberian-type bureaucracies and corruption. These studies have emphasized the positive impact of merit recruitment on reducing corruption. We then turn to studies that concentrate on post-communist countries that have joined or are aspiring to join the European Union. This strand of research stresses three factors: the role of civil service laws, the quality of their implementation, and the politicization of appointments.

For both strands, we pay particular attention to how causal mechanisms are developed at the individual level in order to emphasize the underlying assumptions of cross-country studies of bureaucracy and corruption. We then derive hypotheses that take the perspective of individual public officials on their workplace to reconcile theoretical assumptions and empirical assessment strategy.

Weberian bureaucracy in global comparisons

Much of the cross-national research on bureaucracy and corruption goes back to the work by Peter Evans and James Rauch (Evans and Rauch 1999; Rauch and Evans 2000) on the merits of Weberian-type bureaucracies. Distinguishing features of Weberian bureaucracies, they argue that merit recruitment understood as the presence of formal examinations and the appointment of candidates with university education is an important corruption-containing factor in 35 newly industrialized countries. Their empirical analysis corroborates this view.

Dahlström *et al.* (2012) extend this line of research carrying it to 52 countries from the developed and developing world. They rely on an expert survey to distinguish three features of Weberian bureaucracies. Their empirical analysis finds that more 'professional' bureaucracies that rely on merit recruitment, internal promotion, and depoliticization of careers feature less corruption. When distinguishing among the components of a professional bureaucracy, they find that merit recruitment is the main corruption-containing factor.

Both contributions are based on individual-level mechanisms. On the one hand, Rauch and Evans (2000) suggest that merit recruitment fosters an ethos of professionalism in the civil service. Formal examination procedures and merit standards lead to the selection

of relatively more competent and honest officials who are subsequently socialized into professional norms that contradict corrupt behaviour.

On the other hand, Dahlström *et al.* (2012) argue that merit recruitment creates a division of interests between politicians and bureaucrats. Whereas politicians are accountable to citizens via regular elections, merit recruitment ensures that bureaucrats are accountable to their professional peers and the goals of the organization (Dahlström *et al.* 2012, p. 660). The different 'chains of accountability' ensure that bureaucrats and politicians will check on each other rather than engage in collusion that might lead to corrupt exchanges. Merit recruitment therefore creates an incentive for bureaucrats to refrain from corrupt behaviour.

When taking the perspective of individual public officials, we therefore expect that they observe less corruption if merit recruitment practices prevail at their workplace.

Civil service reform and politicization in post-communist studies

Research on the relation between bureaucracy and corruption in post-communist Europe has focused on the role of civil service laws, potential problems of implementing these laws, and politicization of the civil service.

First, Neshkova and Kostadinova (2012) examine the impact of civil service laws on corruption in post-communist Europe. Their panel analysis finds that corruption decreases after the adoption of civil service laws (see also Kostadinova 2012). Neshkova and Kostadinova (2012) focus on civil service laws as the most important component of public administration reform. They emphasize the positive impact on officials' attributes and behaviour. For instance, they argue that civil service laws provide for 'an adequately trained and paid civil service to increase the state's ability to cope with corrupt practices ... to promote rules for loyal, honest, and impartial conduct among public officials and to fight violations of these rules'. Civil service laws further imply the adoption of codes of ethics, which 'regulate the interaction between civil servants and the private sector, the acceptance of or prohibition of gifts, the occupation of a second job, and resignation from public office' (Neshkova and Kostadinova 2012, p. 327).

The impact of civil service laws on the propensity of officials to engage in corrupt behaviour is much broader compared to merit recruitment discussed above. However, the underlying mechanisms are also developed at the individual level in that they assume that civil service laws lead to the selection of individuals who are less likely to be corrupt and the establishment of formal rules and procedures that prevent corrupt behaviour on the job by setting incentives and sanctions for civil servants.

At this stage, it is worth recognizing that civil service laws allow for variation within countries and organizations. Civil service laws do not usually cover all public sector employees. Rather, they regulate employment alongside public service laws, labour legislation, and specific regulations for advisers and political appointees. Depending on the composition of the workforce, the extent to which civil service laws regulate personnel may therefore differ both within countries and within individual public sector organizations.

Based on Neshkova and Kostadinova's (2012) arguments, we expect that public officials will perceive less corruption the more important they consider a civil service law to be for the regulation of personnel at their workplace.

Second, the importance of formal rule adoption for the establishment of professional public administration is echoed by research on the Europeanization of Eastern Europe. The EU addresses the fight against corruption in the context of public administration

reform in accession states. Specifically, the EU has made the establishment of professional civil service systems a condition for EU membership (Dimitrova 2002). The EU's approach assumes that the adoption and subsequent implementation of a civil service law will change the culture and practice of management in public administration. Thus, civil service laws are assumed to be at the beginning of the causal chain on the relation between civil service reform, the development of administrative capacity, and the emergence of a reliable, impartial public administration that is free from corruption (Cardona 1999).

However, the focus on formal rule adoption in the context of EU accession has been criticized as it does not pay enough attention to the quality of implementation. For instance, Dimitrova (2010) argues that formal rules have tended to remain 'empty shells' that were not properly implemented and frequently dismantled after accession when conditionality no longer applied. Yet problems of implementation have so far received little attention in the discussion of the dynamics of anti-corruption policies (for an exception, see Batory 2012).

For our purpose, the insights of Europeanization studies suggest that civil service laws might be worth little for the fight against corruption if they are not properly implemented. In other words, the effects of civil service laws on the selection of honest and skilled individuals and the institutionalization of incentives and sanctions to prevent corrupt behaviour on the job will not materialize if the rules and procedures defined by the laws are not applied in practice. The explicit focus on the quality of implementation also adds a dimension to the potential for within-country variation, as the application of rules and procedures typically differs across and within institutions.

We should therefore expect that public officials perceive less corruption the better they regard the quality of the implementation of the civil service law in their work context.

Third, studies of post-communist countries have sought to understand the relation between civil service politicization and corruption. The institutionalization of a separation between politics and administration and hence the de-politicization of bureaucratic careers has been a major objective of the transformation of the post-communist state. However, studies of executive politics argue that the politicization of the civil service has remained widespread across post-communist Europe (Grzymala-Busse 2007; Meyer-Sahling and Veen 2012).

Political appointments have been argued to increase corruption risks in public administration (Heywood and Meyer-Sahling 2013). At the individual level, they create personal dependencies between politicians and appointees. Political appointees have the incentive to collude with politicians rather than act as a 'check' if the latter engage in corrupt practices. Reliance on political loyalty as the main principle of selection further implies that political appointees are less screened for skills and honesty compared to officials who have been selected on the basis of procedures that involve written examinations and interviews in front of multi-member (non-political) selection panels. In addition, political appointees owe their position to a politician or party and face a greater risk of losing their job after politicians are voted out of office. Inevitably, political appointees have a shorter time horizon and therefore are more prone to keeping an eye on future employment and income opportunities outside public administration. This could give them incentives to collude in corrupt deals with private sector firms.

The politicization perspective hence also assumes individual-level causal mechanisms to explain why political appointees might have an incentive to engage in corrupt behaviour and why it might breed corruption more widely in the bureaucracy. Recent research on party patronage has further demonstrated that the importance of political

appointments differs within countries both across policy sectors and within institutions at senior, middle, and lower levels of the hierarchy (Kopecký *et al.* 2016). Following this line of argument, we expect that the positive relation between politicization and corruption is also reflected in the perception of individual officials when they evaluate their own workplace.

It should be added at this point that merit recruitment and politicization are not necessarily polar opposites as is occasionally assumed by the public administration literature (e.g. Peters and Pierre 2004). Rather, work on party patronage has shown that it is common for political leaders to prefer appointees who combine professional qualifications and political loyalty (Kopecký *et al.* 2016). As a consequence, it is essential that the impact on corrupt behaviour of merit recruitment and the politicization of appointments be examined separately.

Based on the preceding discussion we therefore derive four hypotheses that will guide our analysis of the relation between bureaucracy and corruption based on the perspective of individual public officials in post-communist countries.

H1: Public officials perceive less corruption at their workplace if personnel management is regulated by a civil service law.

H2: Public officials perceive less corruption at their workplace if a civil service law is fully implemented.

H3: Public officials perceive less corruption at their workplace if recruitment is based on merit.

H4: Public officials perceive more corruption at their workplace if appointments are politicized.

The remainder of this article examines whether these claims hold. Our analysis follows a two-step approach. In the first step, we follow the literature and examine the four hypotheses separately in order to assess whether the findings of cross-country studies still hold when based on individual-level perceptions of public officials.

There are good reasons, however, to add a second step to take into account that the hypotheses might be interlinked. Quite naturally, we expect that the content of civil service laws influences their implementation. Moreover, we should expect that the formal rules and procedures written into the civil service law shape merit recruitment and politicization practices in public administration. In particular, the mechanisms underlying Neshkova and Kostadinova's (2012) argument imply that civil service laws have beneficial consequences for recruitment practices. But the mechanism leading from the adoption of a civil service law to its implementation and the practice of merit recruitment and appointment remained empirically unexplored in their study. We address the relationship between the variables below by adding a path model to our analysis after the individual assessment of our hypotheses.

DATA AND COUNTRY CASES

Our empirical analysis is based on a survey of ministerial officials in five East European countries that have joined the EU or have a status of close association: Poland, Latvia, Croatia, Serbia, and Montenegro. Both Latvia and Poland became EU members in 2004. Croatia is the most recent EU member, joining in 2013. Montenegro and Serbia are EU candidate states. At the time of taking the survey in the spring of 2011, Croatia was a candidate state in the final stages of EU accession negotiations. Montenegro had just been awarded candidate status but had not yet opened negotiations. Serbia was still a potential candidate with the Stabilization and Association Agreement signed but remaining subject to ratification.

For the survey, we included countries that differ in a number of respects in order to allow for the assessment of public officials' experience under different conditions. First, they differ with regard to the level of corruption reported for the national level. Taking the 2011 Transparency International Corruption Perception Index to illustrate variation among new EU member states, candidate, and potential candidate states from post-communist Europe, it ranks Estonia highest in 28th place out of 182 countries and Kosovo lowest in 112th place. While our sample does not cover the extreme ends of the spectrum among Eastern European democracies, it includes Poland ranked 41st and Serbia in 86th place.³

Second, the five countries differ in the way they manage administrative staff in central government ministries. Even though all five countries had a civil service law in place at the time that the survey was conducted, there is scope for variation between and within countries and organizations in the extent to which officials regard these laws as relevant for the regulation of personnel policy. For instance, civil service laws provide for temporary appointments, which are then partially regulated by labour legislation. Temporary appointments are especially widespread in Serbia and Montenegro.

The civil service laws in the five countries also allow for different merit recruitment practices within countries. For instance, in Latvia, civil servants merely have to undergo a personal interview. They are not required to pass a written examination, but in practice personnel managers occasionally use written tests as a recruitment tool. In Croatia, the civil service law prescribes oral and written examinations but the implementation of the examination procedure is decentralized to the ministries. Optional and delegated merit procedures, in particular, open the door to variation in recruitment practices across institutions and often within institutions.

The five countries allow us to examine our hypotheses across a range of different settings. On the one hand, the diversity provides the potential for generalization beyond the countries we study, which an examination of a single country, or a few very similar countries, would not. On the other hand, the differences between the countries may confound the evaluation of our hypotheses if country-level factors matter to public servants' perceptions of bureaucracy and corruption. To address this risk, we employ fixed effects for countries in our analysis. This modelling approach ensures that country-level factors are taken into account, leaving the diversity between our five countries as a benefit for the generalizability of the argument rather than a problem for estimation.

Survey of ministerial civil servants

The survey targeted civil servants working in the core structure of central government ministries. The survey was web-based and was translated into local languages. Web-based surveys have the advantage that they reach a large number of potential respondents and are not too costly to administer. At the same time, it is difficult to perfectly control the population of respondents.

In order to maximize the consistency of the survey data, we followed the same sampling strategy in each country. We explained the purpose and content of the survey to the heads of central civil service departments, agencies or the equivalent. They then distributed the survey link together with a short explanation to the heads of personnel units in central government ministries. Heads of personnel units then distributed the request to participate in the survey to all employees in their ministry. The request included civil servants with and without managerial responsibilities.

Bearing in mind that detailed information regarding staff size and the demographic characteristics of civil servants are notoriously difficult to obtain in Eastern Europe,

evidence suggests that our respondents are roughly representative. The Polish authorities provided information on the gender and age distribution of civil servants at the central government level. Checks against population-wide data indicate that men are slightly over-represented in our Polish sample (42 per cent as opposed to 40 per cent in the Polish civil service) and – as one would expect from an online survey – young respondents are somewhat over-represented (29 per cent of the respondents were under 30 years as opposed to 23 per cent in the Polish civil service). In the analysis below, we account for potential biases resulting from a lack of representativeness by controlling for these and additional demographic factors.

The survey items dealt primarily with questions related to the practice of personnel management. Responses were measured based on 5-point Likert scales. A ‘don’t know’ option was provided for respondents, which we treat as missing values in our analysis. Quite a large number of people used this option, particularly for our measure of corruption. Others, though fewer, chose not to reply. This presents a potential problem for our estimation.

If missing replies are missing completely at random, missingness has no bearing on the results. However, it is conceivable that respondents are less likely to reply conditional on our key variables. For instance, if a public servant disagrees that a civil service law consistently regulates personnel policy at her workplace, she might prefer not to answer in order to avoid disclosing information about corruption for fear of reprisals against which she is not legally protected.⁴

This could have a bearing on the results, as the estimates could be biased when missing responses are excluded. Reassuringly, when we adjusted for this problem our substantive conclusions were not altered and our parameter estimates were not much different.⁵

Furthermore, it is conceivable that respondents will avoid replying to questions the more corruption they perceive in their work environment. If respondents are less likely to respond the more corruption they perceive, this could also bias our models. To address this concern, we conducted additional tests and found that this problem does not fundamentally alter our estimates and our conclusions.⁶ Removing respondents who ‘did not know’ and who did not reply shrinks the size of the sample to 1,418 respondents from our five countries (see figure 1).

Measures of corruption and civil service management

Turning to the operationalization of the main variables, we measure our dependent variable using one question from the survey asking respondents to state their agreement with the following: ‘Over the last 12 months there have been rumours of kickbacks in my ministry’ (referred to as ‘kickbacks’ below). Asking about kickbacks has the advantage that it cuts across commonplace distinctions in the corruption literature. Clearly, kickbacks are not the same as bribes to traffic police officers or doctors. But they do not have to solely reflect state capture, where monetary benefits are exchanged for changes in the content of laws and regulation (Hellman *et al.* 2003). Kickbacks can be given in return for individual decisions, for instance, individual licences or procurement contracts. Equally clearly, kickbacks do not necessarily involve politicians but can be a solely bureaucratic affair. Furthermore, asking about a particular type of corrupt transaction means that we avoid lumping together types of heterogeneous behaviour that may have very different causes.

The operationalization of corruption requires several qualifications. First, kickbacks are a specific type of corruption, which could limit the generalizability of our findings to other types of corruption insofar as these may be affected differently by our variables. Still,

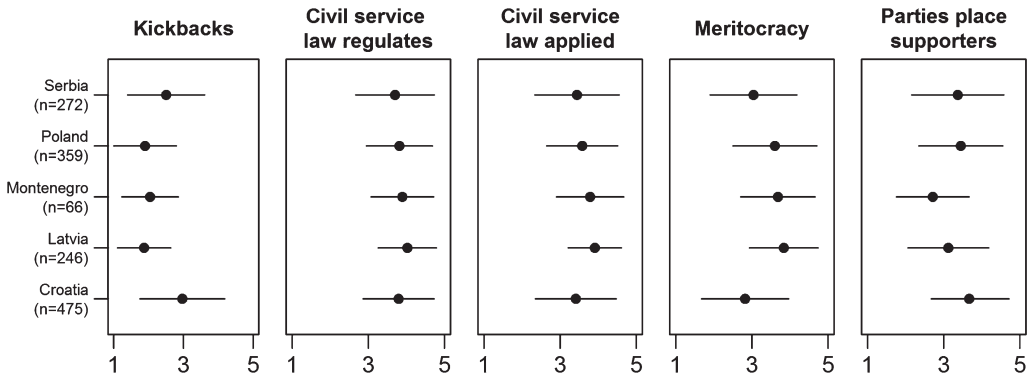


FIGURE 1 *Descriptive statistics by country*

Notes: Means and standard deviations of individual survey items calculated by country. Each item ranges from 1 (all respondents strongly disagree) to 5 (all respondents strongly agree).

kickbacks *are* instances of corruption, and our analysis therefore directly contributes to debates regarding the relation between bureaucracy and corruption.

Second, we did not ask respondents whether they had personally been involved in corrupt activities, but asked whether there had been any rumours in their work environment. This implies that we rely on a perception-based evaluation of corruption. Furthermore, as perception-based evaluations often do, we do not ask respondents to evaluate their own actions but rather the actions of those around them. The aim of this strategy is to lessen the potential for social desirability bias and, at the same time, to get information about the immediate work environment of the respondents. The great variation within individual resort areas that we will present below hence reflects the diverse experience of public officials within the wider organization they work in. With these qualifications in mind, our measure of corruption is as valid as this type of perception-based indicator can reasonably be expected to be.

For our key independent variables, presence of a civil service law, the full implementation of the law, merit recruitment, and politicization, we included four questions from the survey. All four questions asked respondents to indicate their agreement with a statement about their place of work. First, in order to address the presence of a civil service law, we used the statement 'personnel management in my ministry is regulated by a civil service law' ('civil service law regulates', below). As explained above, there is considerable room for varying scope of these laws and different interpretations by officials within individual countries and institutions.

Second, in order to measure the implementation of civil service laws, we use the statement 'in my ministry, a civil service law is fully applied in the daily practice of personnel management' ('civil service law applied', below). The question aims to capture instances of incomplete implementation when secondary legislation required by civil service laws is lacking or is in part suspended. It also addresses problems of inaccurate and uneven implementation. Third, to capture the concept of merit recruitment we relied on the statement 'officials in my ministry are recruited on the basis of qualifications and skills' ('meritocracy', below). Finally, we measured politicization by asking respondents the extent to which they agree that 'political parties place their supporters in the ministerial structure' ('parties place supporters', below).

It should be appreciated again at this stage that the experience with recruitment and appointment processes naturally varies within institutions. For instance, some public officials regularly sit on selection commissions, while others do so only rarely or never. More so, some public officials may have recently experienced the recruitment procedure as a candidate, while others are merely observers of the process. Adding to this the common presence of diverse staffing procedures for senior and other types of civil servants, it should be expected that public officials are likely to have a range of different perspectives on civil service management practices within one and the same organization. Similar to our corruption question, we therefore expect respondents to rely on information about their personal experience and immediate working environment when answering these questions.

Descriptive results

Figures 1 and 2 summarize the responses for countries and resorts as ministries and groups of ministries within countries. With regard to our dependent variable, figure 1 shows considerable differences between Latvia as the country with the fewest rumours of kickbacks in central government ministries (mean = 1.874) and Croatia (mean = 2.975) as the country with most rumours. More importantly, the aggregate numbers indicate that the responses vary greatly within individual countries. For the corruption measures, standard deviations range from 0.764 in Latvia to 1.103 in Serbia and 1.218 in Croatia.

Figure 2 provides further evidence that the experience with corruption varies within countries and indeed within institutions. The figure shows the mean responses for our kickback measure by country and resort area for all areas with more than four valid responses. For the comparison across resorts, we grouped all ministries from each country along resorts that are broadly comparable across countries. For instance, ministries of economic affairs, transport, and energy were merged into the resort 'economic affairs'. Similarly, the Serbian Ministry of Diaspora was included in the resort 'minorities' and the Polish Ministry of Sports was categorized as 'culture'.

Figure 2 shows considerable variation across countries and resorts, ranging from a mean of 1.333 for agriculture in Latvia to a mean of 3.563 for environment in Croatia. It also confirms that corruption perceptions vary greatly within countries. For instance, in Croatia, the mean response for the resort 'labour and social affairs' (1.667) is much lower than for the resort 'environment' (3.563). Indeed, the Croatian example indicates that the range of mean responses may vary more between resorts within a country than between countries. The figure further suggests that there are no clear-cut patterns across resorts. For instance, 'environment' and 'finance' are the highest scoring areas in Croatia but not in Serbia; the resort 'health' is second lowest in Latvia but among the highest in Serbia. In other words, it appears to be difficult to identify consistently 'clean' versus 'corrupt' areas in central state administrations.

One additional observation is particularly relevant for the purpose of this article: the error bars in figure 2 indicate that the perception of kickbacks varies greatly within resorts. This finding supports our expectation that an individual-level approach is most suitable for the analysis of corruption in public administrations.

The main descriptive findings are also relevant for our independent variables. Figure 1 shows the highest mean values for the question related to the presence of civil service laws. The mean values for the quality of implementation are lower than the mean values for the presence of civil service laws. This suggests that it is common to find at least some problems of implementation in each of the countries.

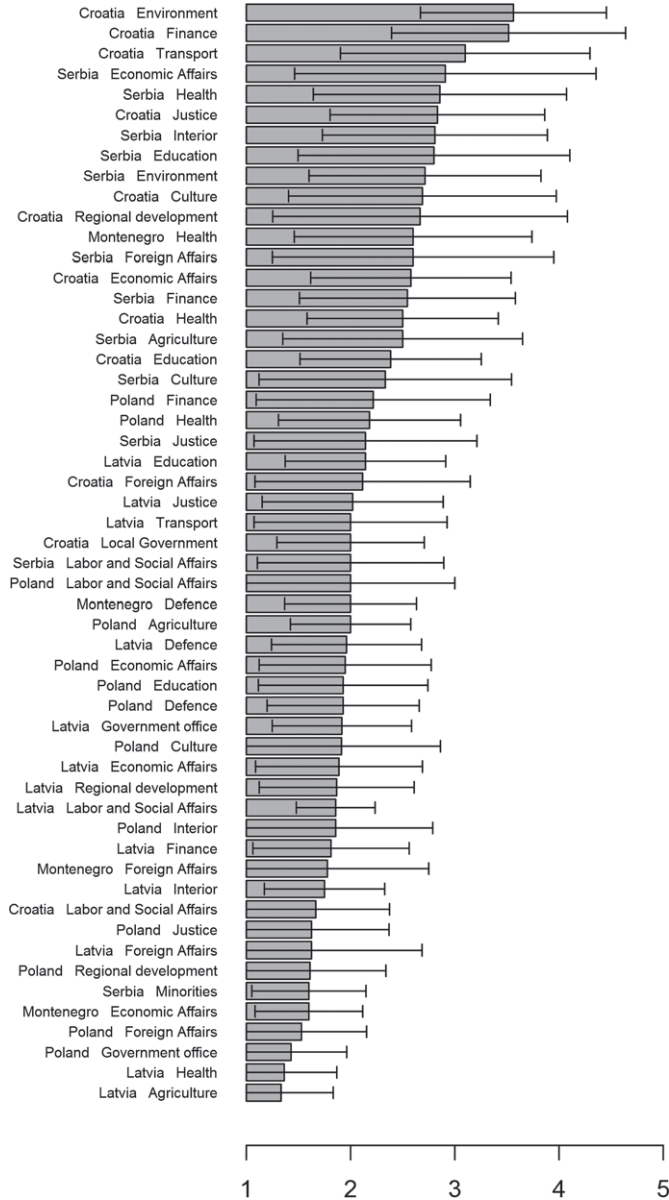


FIGURE 2 Mean kickbacks by resort and country

Notes: Means and standard deviations of the kickbacks measure calculated by resort and country. The measure ranges from 1 (all respondents strongly disagree) to 5 (all respondents strongly agree).

The mean values for merit recruitment and politicization show a larger degree of cross-country variation. Croatia and Serbia stand out with lower means for merit recruitment (2.813 and 3.044, respectively) and higher means for politicization (3.699 and 3.364, respectively). It is noteworthy that the mean value for merit recruitment is highest for Latvia (3.837) and lowest for Croatia, even though Latvia does not operate compulsory

written examinations, while Croatia does. This observation is based on aggregate data but it suggests that a policy of establishing compulsory written examinations systems in transition and accession countries does not necessarily lead to better recruitment outcomes.

Figure 1 again illustrates substantial within-country variation in officials' experience with civil service management. Standard deviations are generally lower for the question related to the regulation by civil service laws. Within-country variation is more pronounced for meritocratic recruitment and politicization. For merit recruitment, respondents give most varied answers in Croatia (std.dev = 1.151). Politicization variation is highest in Serbia (std.dev = 1.213). The findings for variation in civil service management across resorts are very similar to the finding for our kickback measure discussed above. In particular, they confirm variation in management both within countries and within resorts. Figures for each independent variable are shown in the online appendix (figures A1–A4).

In addition to the main variables, we include several demographic variables as controls. The corruption literature suggests that sex, age, education and experience in public administration are relevant confounding variables (e.g. Sööt and Rootalu 2012). In the analysis, we therefore include a dummy variable for 'female', 'graduate education', age, and experience in public administration, with the two latter measured in bands.

We further include salary satisfaction of officials and their rank in the ministerial organization. The impact of salary levels on corruption is frequently assessed but remains contested (e.g. Treisman 2000; Dahlström *et al.* 2012). Finally, we include a dummy variable for 'manager' in our models (see table A1 of the online appendix for descriptive statistics).

From existing research, we should further expect that a significant part of the variation is explained by country-level factors. After all, this is the assumption of cross-country studies of corruption and bureaucracy that compare at the macro level. The fact that most of the corruption literature centres on country-level factors allows us to easily control for a host of relevant omitted variables when estimating coefficients by including fixed effects for countries. Our modelling strategy focuses the analysis on variation within countries, while holding country-level variables constant. We therefore report estimates from ordinary least squares models with country fixed effects.⁷ We also ran a model with fixed effects for both countries and resort areas, which gave results similar to the ones we report below. We show these results in table A3 in the online appendix (model 4).⁸

RESULTS

This section presents the results of our analysis. We first look at the variation that can be accounted for by country-level factors. Cross-country studies of the relation between bureaucracy and corruption imply that country-level factors are decisive for the explanation of corruption levels – rather than factors that vary within countries. To investigate the impact of country-level factors, we estimate a simple model with no covariates. This analysis (not shown here) reveals that some variance is indeed accounted for at the country level. However, most of the variation is found within individual countries. The intra-class correlation is 0.171.

This initial finding has two implications. First, it indicates that we are justified in our strategy to estimate the impact of personnel management features on corruption at the level of individuals and hence factors that vary within countries. Second, the degree of between-country differences is at a level which requires us to take country-level factors into account when conducting our analysis. This means that we cannot automatically rely on a standard OLS regression but that a fixed-effects model is necessary.

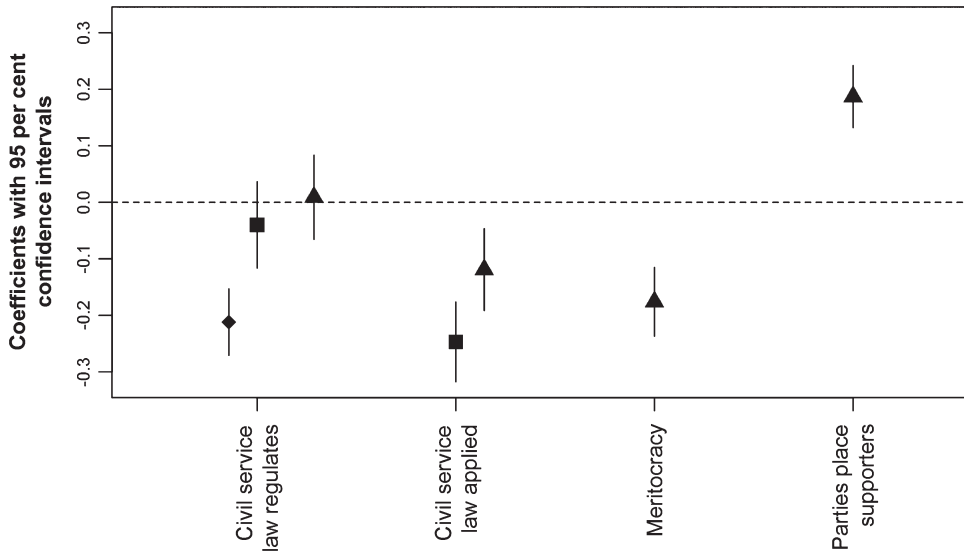


FIGURE 3 Results from the models Dependent variable: Kickbacks

Notes: ◆: civil service law regulates, fixed effects for countries, and controls. ■: civil service law regulates, civil service law applied, fixed effects for countries, and controls. ▲: full model. $n = 1,418$ in all models. All models include gender, tenure in public administration, education, salary satisfaction, age, and managerial responsibility as control variables. Precise estimates can be found in the online appendix.

Figure 3 reports results of three models. The figure plots the coefficients and 95 per cent confidence intervals of our key variables from models including country fixed effects and all our control variables. The result of the first model, illustrated by a diamond, includes our civil service law variable, country fixed effects, and controls only. The second, illustrated by squares, adds our quality of implementation variable. The third, illustrated by triangles, adds meritocracy and politicization to form the full model.

The results shown in figure 3 support most of our expectations. As expected, perceptions of merit recruitment and politicization are associated with lower and higher perceptions of corruption, respectively. The key variables are identically scaled, implying significant associations of at least moderate size. Thus, we find support for hypotheses 3 and 4.

Next, the coefficient for the quality of implementation of a civil service law varies between models. It depends on whether or not our meritocracy and politicization variables are included. Without these two variables, the association between our kickback and implementation measures is substantially in support of hypothesis 2. When meritocracy and politicization are included, the coefficient is lower but it retains statistical significance. One interpretation of this is that the quality of the implementation of civil service laws partly functions through increased meritocracy and decreased politicization. We will test this interpretation below.

Finally, the coefficients for our civil service law variable change drastically once other key variables enter the equation. When we estimate our model with only this variable, controls, and country fixed effects, we find a substantial and significant association with our kickbacks measure in support of hypothesis 1. The association drops and loses significance

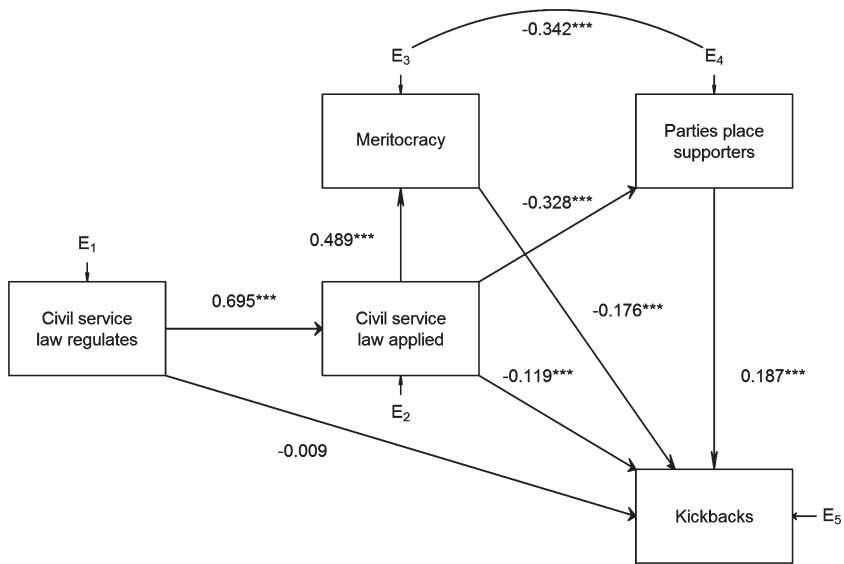


FIGURE 4 Results from the path model
 Notes: n = 1,418, *** p < 0.01, ** p < 0.05, * p < 0.10 (two-sided).

once we enter the implementation variable. Again, one interpretation of this is that civil service laws function only through their proper implementation. This interpretation is very plausible. It reflects the findings of Europeanization research in Central and Eastern Europe: civil service laws are worth little unless they are properly implemented.

Of our control variables, only gender, education, and length of tenure were significantly associated with our kickbacks variable in our full model. However, since the association with length of tenure is not robust to the inclusion of resort area fixed effects, and since all three variables may be affected by post-treatment bias, we hesitate to place much weight on these findings.

So far, the models we have examined do not inform us about the consequences of laws and the quality of their implementation in a proper manner. Meritocracy and politicization are likely to be affected by the implementation of a civil service law and this implementation is likely to depend on whether a civil service law regulates the respondent’s organization in the first place. Theoretically, it seems plausible that laws and the quality of their implementation work through meritocracy and politicization to affect kickbacks.

To examine this question we estimate a system of equations in a path model. We let implementation be affected by the law variable; meritocracy and politicization be affected by implementation; and kickbacks be affected by law, implementation, meritocracy, and politicization. We do not include a path between meritocracy and politicization, but we allow covariance between their associated error terms. We show the estimated model in figure 4.⁹

For the sake of clarity we omit controls and country intercepts from the figure although they are included in every estimated equation.

Using this analysis, we can understand the links between the key variables. In particular, the path model shows that the formal regulation by civil service laws is associated

indirectly with our kickbacks measure through perceived implementation, meritocracy, and politicization.

Indeed, the indirect association between respondents' agreement that a civil service law regulates personnel policy and kickback measures is -0.185 and is highly significant. But our previous analysis and figure 4 show that the direct association is small and not statistically significant. Similarly, our implementation measure is associated with our kickbacks measure. But the full model reported in figure 3 does not do justice to this association because it did not model the indirect paths through perceived meritocracy and politicization. Once we take these into account the total association between implementation and kickbacks is -0.266 and highly significant. As before, we find substantial and significant associations between our meritocracy and politicization measures and kickbacks. The R^2 for the kickbacks measure in the model is 0.341 .¹⁰

Since the measures included in these analyses stem from the same survey of public officials we need to address two potential concerns. First, it is possible that the relationship between respondents' answers to questions of personnel management and to the kickbacks question is driven by an unobserved attitude to how favourably respondents view their workplace surroundings. Second, an endogeneity concern arises from the survey format. It is conceivable that respondents who score high on the kickbacks measure evaluate personnel policy less favourably because of their view on corruption.

Inspired by Clinton *et al.* (2014, pp. 394–95), we have taken steps to address these concerns. First, if an unobserved attitude drives the correlation between personnel management and kickbacks, or if kickbacks bias our measures of personnel management, our findings risk not being sustained if we introduce attitudes of respondents towards personnel management into our statistical models. Our data permit such an introduction. In particular, we included in our full model two measures of respondents' attitudes to personnel management (see table A2 in the appendix for descriptive statistics). One measure asks respondents about the extent to which they agree that civil service reform is needed, to indicate the extent to which respondents are (dis)satisfied with civil service management practices at the time of taking the survey. Another measure asks respondents whether they agree that it is acceptable for political parties to place supporters in positions in the ministries. A version of the full model including these two variables qualitatively sustains our conclusions (model 5 in table A3 in the online appendix).¹¹

Second, to further examine the potential for common source bias we aggregated all our variables to the mean replies at the resort level. The rationale here is that individual attitudes, which can give rise to bias, are evened out. In addition, the aggregation also tests the aforementioned concern that our kickbacks measure does not ask respondents about their individual actions but the actions of those around them.

With these numbers, we find correlations between all our key independent variables and the aggregated kickbacks measure, indicating that our results are sustained in spite of potential issues with the survey format. These findings are sustained even if we introduce country fixed effects.¹² However, the aggregated data do not allow us to test the whole of our argument in the way we have done for individual-level responses. Aggregating to the resort level substantially reduces the number of units in the analysis. In addition, averaging tends to decrease variation in the individual variables and generates collinearity between variables. This being said, it should be stressed that the presentation of our descriptive data above has demonstrated that

much of the interesting variation is found within institutions at the level of individual perceptions.

CONCLUSION

In this article we examined the impact of bureaucratic institutions, specifically personnel management-related rules and practices on corruption as perceived by individual public servants. By examining the perception of individual public servants, we have taken an underutilized perspective in the study of bureaucracy and corruption. The approach allowed us to show considerable variation in perceptions within countries and within institutions. Corruption is hence not a feature that attaches to countries as a whole, and there is a general need to adapt research practices to address potential biases that occur if we treat it as such. Even if our study mainly confirmed the findings of cross-country studies, there is a real risk that a range of established findings based on cross-national inquiry do not stand up when examined at the theoretically appropriate level.

We found that the more bureaucrats consider recruitment at their workplace to be based on merit the fewer rumours of kickbacks they hear in their work environment. Conversely, bureaucrats hear more rumours of corruption the more politicized they regard appointments in the ministry in which they work. We further found that the presence of a civil service law is not directly associated with perceived problems of corruption. Instead, civil service laws are associated with perceived corruption through the implementation of their statutes and through meritocracy and politicization. In addition, we showed that the perceived quality of the implementation of civil service laws in the organizations where our respondents work is negatively associated with corruption perceptions both directly and indirectly through meritocracy and politicization.

Overall, our analysis supports and qualifies the findings of cross-country studies of the relation between corruption and bureaucracy that are primarily based on expert assessments. The findings resonate with cross-country comparisons of studies on corruption and bureaucracy that stress the importance of merit recruitment (Rauch and Evans 2000; Dahlström *et al.* 2012). At the same time, our research refines studies of post-communist Europe that have focused on the positive consequences of the adoption of civil service laws for the reduction of corruption (Kostadinova 2012; Neshkova and Kostadinova 2012). Finally, our analysis has also provided further support for studies that stress the negative effect of politicization on corruption containment (Heywood and Meyer-Sahling 2013).

The adoption and implementation of civil service laws, merit recruitment, and politicization are high-profile issues in the study of bureaucracy and corruption. Taking individual public officials as the unit of analysis has provided new and complementary evidence that reinforces our understanding of the importance of the quality of the recruitment practice and the legal framework more generally. The study of individual-level perceptions entails different challenges from studying nations. Specifically, while we do not have to grapple with historically deep-seated country-level differences and untangle a web of historical interdependencies between factors, measuring corruption presents a challenge. For reasons we have discussed, we consider our conclusions reasonably valid despite these challenges. However, more sophisticated measuring tools such as the item count or randomized response techniques should be applied in future studies in order to more effectively address potential measurement concerns (e.g. Gingerich 2013b).

Moreover, even though our countries are diverse and therefore permit some generalization, future research will have to examine the extent to which our findings travel to countries and regions that are very different from the ones studied in this article. Theoretically, we expect our arguments to apply but only more data will tell. Notwithstanding these qualifications, our findings suggest the need to study additional personnel management functions. For instance, the perspective of public officials might shed light on the hitherto contested impact of salary levels and methods of salary management such as performance-related pay versus seniority-based approaches (see Kwon 2014). It will also be worth exploring the impact of integrity management policies such as codes of conduct and income disclosure systems. These schemes are heralded by anti-corruption policies but their impact is rarely studied, in particular, from the perspective of individual public officials. These questions will have to be subject to future research.

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NOTES

¹ This article adopts a standard definition of corruption as 'the abuse of public power for private gain'.

² We understand the term politicization as partisan control of appointments in the civil service (Page and Wright 1999).

³ Given the scope of the data collection, our choice was, naturally, also influenced by the ability to gain access to and secure the cooperation of government authorities.

⁴ We examined this issue and found that the variable indicating that a civil service law regulates the respondent's workplace, but none of our other key variables, was associated with respondent propensity for missingness on the corruption variable.

⁵ We estimated our full model described below using multiple imputation to examine this problem. All variables entered into the model were used as imputation model. The results were similar to those obtained from un-imputed models and we report the un-imputed models below.

⁶ Specifically, we ran our full model described below as a Heckman selection model. The resulting estimates were similar to the ones we report below and thus sustain our conclusions.

⁷ Since our main variables are strictly speaking ordered categories, the use of OLS is potentially problematic. To examine this issue we estimated both our full model and our path model using polychoric correlations. In both instances, the results were similar.

⁸ The strategy of relying on fixed effects models takes into account that it is not feasible to get meaningful estimates of country-level factors when only five countries are included in the analysis. For the purpose of this article, this is not a problem, as we are explicitly interested in estimates at the individual level.

⁹ The model does not fit the data particularly well ($\chi^2 = 35.708$, $df = 2$, $p > 0.000$, $RMSEA = 0.109$) although it does outperform a null model ($CFI = 0.989$). The model can be improved in a theoretically viable fashion. It is plausible that laws might influence practices even without considering implementation: as long as public servants believe the law might be implemented and applied, hiring practices may be adjusted accordingly. If we include a path from our regulation variable to our meritocracy variable the model fits the data ($\chi^2 = 0.063$, $df = 1$, $p > 0.802$, $RMSEA = 0.000$, $CFI = 1.000$). All our main conclusions are sustained in this extended model, which we exclude here to align with our main arguments.

¹⁰ The R^2 for the other endogenous variables is 0.495 for implementation, 0.249 for meritocracy, 0.418 for politicization, and a mere 0.080 for whether a civil service law regulates.

¹¹ The estimated coefficients for our key variables, as we show in the appendix (table A4, model 5), are slightly lower in absolute terms compared to our full model. In addition, the two attitudes-related variables we introduce are both statistically significant.

¹² The correlations are the following ($n = 54$ and $p < 0.05$ in all instances). (1) Civil service law regulates: -0.543 . (2) Civil service law implemented: -0.585 . (3) Meritocracy: -0.396 . (4) Parties place supporters: 0.296 .

SUPPORTING INFORMATION

Additional supporting information may be found in the online version of this article:

Appendix S1. Online appendix

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