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**Mapping and Explaining Post-Communist
Development of Administrative Structure:
The Case of Estonian Public
Administration 1990–2010**

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Declaration: Hereby I declare that this doctoral thesis, my original investigation and achievement, submitted for the doctoral degree at Tallinn University of Technology, has not been submitted for any other degree or examination.

/Küllli Sarapuu/

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LIST OF ORIGINAL PUBLICATIONS

The dissertation is based on the following original publications:

I Sarapuu, Külli. 2012. “Estonia.” In K. Verhoest, S. van Thiel, G. Bouckaert and P. Lægreid (eds). *Government Agencies: Practices and Lessons from 30 Countries*. Houndmills, Basingstoke: Palgrave Macmillan, 277-287. (3.1)

II Sarapuu, Külli. 2012. “Administrative Structure in Times of Changes: The Development of Estonian Ministries and Government Agencies 1990-2010.” *International Journal of Public Administration* 35 (12), 808-819. (1.2)

III Sarapuu, Külli. 2011. “Post-Communist Development of Administrative Structure in Estonia: From Fragmentation to Segmentation.” *Transylvanian Review of Administrative Sciences* 35 (4), 54-73. (1.1)

IV Sarapuu, Külli. 2010. “Comparative Analysis of State Administrations: The Size of State as an Independent Variable.” *Halduskultuur – Administrative Culture* 11 (1), 30-43. (1.2)

V MacCarthaigh, Muiris, Paul G. Roness and Külli Sarapuu. 2012. “Mapping Public Sector Organizations: An Agenda for Future Research.” *International Journal of Public Administration* 35 (12), 844-851. (1.2)

INTRODUCTION

Focus and aim of the thesis

A wave of remarkable political, economic and social change swept over the countries of Central and Eastern Europe (CEE) at the end of the 1980s and the beginning of the 1990s.¹ The radical change of political regime from communism to democracy and from planned to market economy was accompanied by a significant social transformation as well as adjustment in the institutional structures of the states. Besides overwhelming reforms of political institutions, considerable modifications also took place in the organizational makeup of administrative systems. The changes were particularly intensive in the initial phase of post-communist development, but also continued in the following years of CEE accession to the European Union (EU) and in the post-accession period.

Nevertheless, there is surprisingly little information available on the content and causes of the changes, on their longitudinal trends and directions. The post-communist development of administrative structures in CEE has been largely neglected in academic research, and the focus has mostly been on the legislative and political institutions of the states (parliaments, electoral systems, party configurations etc.). There may be several reasons for that shortage of attention – from the consideration of political institutions to be primary from the perspective of establishing democratic regimes (cf. Geddes 1999) to the weakness of the discipline of public administration itself in CEE (cf. Jenei and Mike 2008). However, the knowledge available on the longitudinal continuity and change of administrative systems is limited in general (MacCarthaigh and Roness 2012). Although there is extensive discussion on the impact of New Public Management (NPM) reforms and the accompanying trend of “agencification”, there is a limited amount of studies that methodically address the changing structure and functioning of public administrations and the reasons behind the changes also in established democracies. The general scientific framework for analyzing the longitudinal development of administrative structures is only evolving. The specific context of CEE post-communist change with its embeddedness in broader political, economic and social change presents an additional challenge.

The aim of the thesis is to fill in the gap and to advance the knowledge on the development of administrative systems in general and in the context of post-communist

¹ Although the label “Central and Eastern Europe” is used to cover a wide array of post-communist states, in the context of this thesis, it is limited to the group of the ten CEE countries that have joined the European Union (Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia).

change of CEE administrative structures in particular. In order to fulfill the aim, the case of the Estonian public administration and the development of its organization structure in the period of 1990-2010 is analyzed. More specifically, two questions are addressed:

- What kinds of changes took place within the Estonian administrative structure during this period?
- How can these changes be explained?

Consequently, the analysis has two main sub-goals – first, to identify and describe the structural developments and, second, to explain the factors behind the changes. The focus is on mapping the concrete change events, on the one hand, and finding the critical factors within the politico-administrative system and its environment that have shaped the events, on the other. As there is little systematic information available on the structure of the Estonian administrative system and its development (Tavits and Annus 2006 as an exception), it can be considered an initial research that creates the basis for further inquiries on the topic. Especially, with regard to the second sub-goal of explaining the changes that have taken place, a preliminary general picture is offered with several recommendations and directions for further research.

The dissertation conceptualizes administrative change in Estonia as “transformation”. It differs from the dominant perspective of analyzing the CEE development as a “transition” – a one-way process from planned to market economy and from authoritarian rule to democracy (Muhhina 2012). At the core of the transition approach, there have been the attempts to characterize the emerging CEE political systems with regard to comparative typologies developed in the context of Western democracies and to assess the extent to which they have approximated the Western models (Zubek and Goetz 2010, 2; Blokker 2008). Such a perspective has directed attention to the question of how “normal” the CEE states have become or how far they are from the “Western standard”. On the one hand, the transition perspective reflects the prevailing interest in the development of political institutions where the “hard” criteria (like stability of electoral regulations, the effective number of electoral parties or the extent of electoral volatility; Bielasiak 2002) are more readily available than in the realm of public administration. On the other hand, it signals the wish to evaluate whether the CEE states have become “proper” democratic states that are predictable in their behavior and comprehensible according to the Western frameworks. The perspective of “transformation” allows systemic changes to happen without uniform goals or defined ends (Muhhina 2012). The approach taken in the thesis for analyzing the factors behind the structural changes can be characterized as “transformative” (see Christensen et al. 2007, 165-175) – it is expected that changes in the structure of the public sector are born in a complex interplay between conscious and planned strategies of political and

administrative leaders, cultural-historical features and reform pressures originating from the external context of organizations. In combination of these diverse factors of influence transformations occur.

The theoretical framework of the thesis relies on historical institutional analysis and combines it with the literature on organization structure of public administration and its change, CEE post-communist development and small states. Such a combination of four different streams of theoretical knowledge constitutes an original approach to the CEE administrative change and allows offering a comprehensive picture of structural development without delimiting it to a problem of abandoning communist inheritance or moving from certain type to another. The thesis contributes to academic discussion in at least five ways. First, it provides a systematic overview of administrative structure and its development in one of the CEE states. This topic has attracted only modest attention thus far. Second, the thesis brings new theoretical perspectives to the analysis of post-communist development – the analytical concepts focusing on the organizational makeup of administrative systems and the small-state theory. Third, as the variable of a state's small size is theoretically under-developed, the thesis summarizes the existing knowledge on the impact of size on administrative structure and establishes a theoretical basis for further empirical studies. Fourth, the thesis describes and explains the structural change over the whole period of post-communist development. On the one hand, such a comprehensive coverage of institutional change is rare among the CEE studies. On the other, it allows making conclusions on the key factors that have been at work in the institutionalization of the CEE administrative systems. Finally, the thesis proposes an approach for identifying and describing post-communist structural change that can be used as a basis for devising mapping projects in other CEE countries. In addition, the thesis also contributes to the national debate on the functioning of the Estonian administrative system by providing information on its makeup and by dissecting the factors behind the formation of the present system.

With regard to the representativeness of the Estonian case for understanding the post-communist development of CEE as a whole, certain restrictions have to be noted. Due to Estonia's very small size (population of 1.29 million according to the 2011 census), preceding membership in the Soviet Union (newly regained independence as opposed to a mere change of political and economic regime) and the general historical and cultural diversity of the CEE countries, it is difficult to treat Estonia as a "typical" case of CEE. Nevertheless, there are several factors that make the findings from the case pertinent for both understanding the post-communist change and longitudinal administrative development in general.

First of all, although the CEE countries have very different politico-historical backgrounds, in the process of post-communist transformation they have shared

common phases of development with similar pressures for change – from an initial phase with the pressure to overcome communist legacy, over EU accession to the global financial crisis (cf. Hesse 1997; Lippert et al. 2001; Nemeč 2009). Differently from the Western democracies that have modified their organizational structures within established political regimes, in CEE, the administrative reorganization has been a part of the democratization process. At the same time, however, there has been no ready-made template for democratic public-administration systems available. “Normative democratic theory has little to say about the organization of public administration” (Olsen 2008, 15). The lack of such a template also became visible within the EU’s eastern enlargement. Although preconditions for the opening of accession negotiations with the CEE countries (the so-called “Copenhagen criteria”) stipulated the need for them to have a “stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities” (European Council 1993), there were no EU-wide rules or models of public administration existing for measuring them, and the basis of evaluation was conceptualized during the enlargement process (Avery 2009; Koprić et al. 2011; Mayer-Sahling 2011). Consequently, analyzing which administrative solutions were implemented in different CEE states in the process of post-communist transformation and why will cast light on the similarities and differences of the changes and the reasons behind them.

Second, the overwhelming changes that have taken place in CEE help to clarify the factors that determine organizational change in general and how they combine in time to produce specific institutional solutions. The states of CEE with their all-embracing structural transformations may be regarded as real-life laboratories of institutionalization, de-institutionalization and re-institutionalization processes. The demise of the communist regimes brought about a massive de-institutionalization of political and economic spheres in CEE (Zubek and Goetz 2010). In terms of historical institutional analysis, the initial years of transformation were a “critical juncture” – a point in time where fundamental change and a choice of different developmental pathways was possible (Thelen 1999, 387). Consequently, it is relevant to find out what factors have combined in the CEE processes of administrative change to generate particular institutional outcomes and especially so during the moments of critical openings that have had the potential to set new paths of development.

Last but not least, mapping administrative structures and analyzing their longitudinal development may tell us a lot about the functioning of states and their changing nature in time in general. Administrative structure has a critical role to play in the operation of politico-administrative systems. By shaping the actors’ behavior in the policy process, it directs the way public policies are designed and implemented (Christensen et al. 2007). Changes in a state’s organization structure may alter the balance between different values, shift the focus on tasks to be performed and increase or diminish the

potential for political control (Læg Reid et al. 2010; Egeberg 1999). Furthermore, changes in a state's organization structure may reflect the alteration of the nature of the state as such (Hardiman and Scott 2010). The analysis of administrative structure and its development is relevant from the perspective of understanding the state's current functioning, its change in time as well as for comprehending the ways the state structure can (or, alternatively, probably will not) change in the future.

The main body of argument of the thesis is developed in five original articles. The chapter "Estonia" in a compendium edited by Koen Verhoest, Sandra van Thiel, Geert Bouckaert and Per Læg Reid (I) provides a description of the Estonian administrative structure, the types of agencies that operate within the structure, their autonomy and control, and a general overview of the development of the whole system. The methodology of the mapping exercise and its central findings are addressed in the article "Administrative Structure in Times of Changes: The Development of Estonian Ministries and Government Agencies 1990-2010" (II). The article "Post-Communist Development of Administrative Structure in Estonia: From Fragmentation to Segmentation" (III) focuses on the explanatory factors that help to understand the trajectories of the Estonian administrative change. The specific explanatory factor of the state's size is addressed in the article "Comparative Analysis of State Administrations: The Size of State as an Independent Variable" (IV) that provides an overview of the theoretical discussion on the issue. Finally, the avenues for further research with regard to capturing and explaining the change of administrative organizations and administrative systems in general are summarized in the article "Mapping Public Sector Organizations: An Agenda for Future Research" (co-authored with Muiris MacCarthaigh and Paul G. Roness) (V).

The introductory discussion of the dissertation develops as follows. At first, the methodology of mapping and analyzing the change of administrative structure in Estonia is addressed. Second, the main findings of the mapping exercise are summarized. Third, the explanatory factors behind the changes are discussed. Finally, the ideas and recommendations for further research are presented.

Methodology

The thesis has two central ambitions – to describe the structural development of the Estonian public administration and to explain the factors behind the changes that have taken place. The research for pursuing these aims contains three steps and relies on different overlapping sets of information. First of all, the general structure of the Estonian public administration is mapped in order to identify the types of organizations that operate in the administrative landscape and their main characteristics. This step of analysis rests on sources of information that provide facts on the administrative

organization – legal acts, public webpages, Public Service Yearbooks, reports by the Ministry of Finance, Register of State and Local Government Organizations (Ministry of Finance), and others. With regard to the conceptualization of “organization” in the context of the Estonian public administration, formal organizations are addressed and their legal type is used as the basis for classification (cf. Rolland and Roness 2010; Roness 2007). The latter choice reflects the continental European legal character of the Estonian politico-administrative system, where the basic attributes of different types of public organizations are described in law.

Altogether, four types of agencies are identified in the areas of governance of the eleven Estonian ministries – government agencies, state agencies, public institutions and private law bodies (I). According to the classification by van Thiel (2012) that provides a useful template for international comparisons, the first two types of agencies fall into category 1 (semi-autonomous bodies without legal independence), the public institutions represent category 2 (legally independent organizations with managerial autonomy) and the fourth type of Estonian agencies falls into category 3 (private law-based organizations established on behalf of the government for both profit and not-for-profit purposes). The four types of agencies play an important role in the Estonian state by implementing policies, employing the vast majority of the public-sector employees and spending most of the state budget.

Second, in order to capture the structural development during regained independence, a mapping exercise is undertaken. It seeks to provide an overview of administrative change by mapping all events whereby full organizations were established, terminated or reorganized among the group of ministries and their subordinate government agencies from 1990 to 2010 (see II for a detailed overview). There are several reasons for selecting this specific group of organizations as the focus of the mapping exercise. Ministries and government agencies form a well-defined centre of the executive branch in Estonia that plays a central role in the policy-making and law-enforcement processes and has functions related to the principal concerns of the state. These are permanent units with full-time employees, listed in the Government of the Republic Act (GRA), covered by civil-service regulations, and ascribed executive power by the law. Other types of agencies operating in the administrative landscape are mostly occupied with policy implementation in the form of direct service delivery or providing support functions to the ministries and government agencies. Consequently, finding out what has happened to this centre of government within the democratization process can be expected to give the most pronounced picture of the post-communist administrative change.

As the group of organizations analyzed has been defined in the GRA since 1995 and every change has demanded a legal initiative, it is possible to track its reforms by

analyzing various documents where the facts and contents of the changes are preserved. More than 150 public documents, among them legal acts, coalition agreements, legislative initiatives and their accompanying notes and records of discussion in the Parliament *Riigikogu*, are analyzed. Coding of the change events is based on the system used for coding changes in the Norwegian State Administration Database, which is the most comprehensive national database on current administrative organization (MacCarthaigh and Roness 2012, 774; see also Rolland and Roness 2011).² For the first step, the change events found are coded with regard to their impact on the individual organizations – i.e. the type of the event is determined. Although most of the records of mapping administrative change refer back to the inheritance of Kaufman (1976) and focus on individual public organizations and their longevity (cf. Adam et al. 2007; Boin et al. 2010; Peters and Hogwood 1988), the principal concern of the thesis is with the development of the Estonian administrative system as a whole. Therefore, secondly, the events are also coded with regard to their effect on the administrative structure as a whole – i.e. also the impact on the functional specialization of the government structure (vertical and horizontal) is identified (see II; MacCarthaigh and Roness 2012; also Christensen et al. 2007; Lægneid et al. 2010).

In terms of the timeframe, the mapping exercise covers structural changes from 1 January 1990 to 1 January 2010. The decision to map changes from 1990 on is related to the finding that a first comprehensive reform of the administrative system and organizational categories was initiated in December 1989 and carried out in 1990. With that reform, a new ministry-agency structure was established and the previous Soviet “labels” of organizations were abolished before official regaining of independence in 1991. The basic structure and the labels that were then assigned to different types of government organizations (board, inspectorate) have persisted. The major constraint that appears with regard to the mapping exercise is related to gaining a thorough overview of change events prior to 1995 as the configuration of ministries and their subordinate government agencies was exhaustively fixed for the first time in 1995. Although the majority of the facts of earlier change events are found, due to the complexity and speed of the changes that took place at the beginning of the 1990s, accompanied by poor documentation, their exact content is often unclear, which inhibits detailed coding. Consequently, the results of the mapping exercise are presented in two temporal breaks in the thesis – from 1990 to 1995 and from 1996 to 2010. The first of these is more general, presenting an overview of administrative

² See <http://www.nsd.uib.no/civilservice/> (18 December 2012). The Database has been systematically developed since 1992, and it contains information on the Norwegian public-sector organization since 1947. More recently, and inspired by the Norwegian State Administration Database, the Irish State Administration database has been established, which uses alternative categorizations to organizations and change events suitable to a Whitehall-type politico-administrative system (Hardiman and Scott 2012; MacCarthaigh and Roness 2012).

changes during initial transformation while the second focuses on the 40 change events identified.

Third, with regard to the aim of explaining the changes, all information provided on the rationale of the individual changes is gathered from the analyzed documents, and the central justifications for the reforms are identified. Some constraints also become evident. In the initial years of post-communist transformation, the explanatory notes to the draft bills were usually short and contained little analysis on the changes undertaken. In the latter years, the explanations became much more detailed, but simultaneously also considerably more formalistic (for example, in some cases the wording of the background information seems to be copied from the earlier explanatory notes in order to satisfy the formal requirements). The discussions in the Parliament *Riigikogu*, on the other hand, were very active and detailed in the earlier years of transformation and became much more formalistic in the latter years. Furthermore, as the working procedures of *Riigikogu* became more institutionalized, the substantive discussions moved from the plenary sessions to the permanent committees. The latter records of discussions are not publicly accessible. As the information gained from the mapping exercise can be expected to be biased towards formal official explanations (especially in the later years) or deficient (especially in the earlier years) the third step in the research embraces comparing the information gathered during mapping with explanations for the reforms and administrative developments found in other secondary sources of data (different reports, conceptual papers, academic publications etc.). Last but not least, the author has also had several possibilities for testing her conclusions in seminars and conversations with public servants who have been engaged in the reform processes. The results of combining these different sources of data on the factors behind the developments are reported below after summarizing the key findings of the mapping exercise.

Description of administrative development in Estonia 1990-2010

In this section, the main characteristics of structural change within the Estonian public administration are presented. At first, a general overview of the context and the three phases of transformation are given. After that, the main findings with regard to the structural change of the administrative system are summarized. In the next section, the explanatory factors behind structural development are discussed.

Context and drivers of changes

Institutional approaches to administrative change emphasize the importance of the temporal dimension of development. Institutional arrangements are usually products of “situation-specific compromises” (Olsen 2009, 18). The temporal dimension of the CEE post-communist transformation can be dissected through three concepts – time, timing and tempo (Schmitter and Santiso 1998). First, the processes of consolidating democracy took place in a specific historical “time” characterized by globalization, strong international actors and the domination of neo-liberal formulas for governing and government. In the sphere of public administration they were represented by the ideas of NPM (Christensen and Lægreid 2011; Drechsler 2005; Hood 1991; Lane 1996). Second, the CEE countries faced a major challenge of “timing” as the fundamental transformations of social, economic and political systems had to be carried out at the same time. It brought the crucial issue of sequencing and pressure to choose not just “what” was the right strategy, but also “when” to apply it (Schmitter and Santiso 1998; also Offe 1991). Third, there was the issue of “tempo” – the speed at which patterns of regular interaction developed. “The longer democracy persists, the more it imposes its own rhythms and deadlines on those who have agreed to play by its rules of competition and cooperation” (Schmitter and Santiso 1998, 73). In other words, it was the issue of institutionalization – the speed of developing new shared rules, identities and practices that imposed their logic of appropriateness to the CEE politico-administrative systems that were de-institutionalized by the collapse of communist regimes.

A crucial question is what factors combined, when and how to produce specific institutional solutions in the context of the Estonian public administration. Within the transformative approach, the changes in the structure of the public sector can be expected to be born in a complex interplay between the three types of factors – the conscious strategies of political and administrative leaders, the administrative culture and its understanding of the appropriate course of development (i.e. historical-cultural context), and environmental pressures, deriving both from international and national contexts (Christensen et al. 2007). At different points in time, they can be expected to have different weights and combinations. With regard to the post-communist administrative transformation in CEE, three general phases of development become evident with their distinctive contents and drivers of change – the initial transformation, accession to the EU and the post-accession period (**III**). These three phases are also visible in the development of the Estonian administrative structure (cf. Lauristin and Vihalemm 1997; Tönnisson and Randma-Liiv 2009; Viks and Randma-Liiv 2005). In different phases, specific dominating drivers and motives for change appear. (**I, II, III**)

First, the years 1990-1996 can be characterized as an initial transformation in Estonia. Although the steps towards greater self-determination within the Soviet Union had started already at the end of 1980s, the immediate years after regaining independence still constituted a major opening when critical decisions on the whole politico-administrative system were made. The events that took place indicate that the whole Estonian politico-administrative system was de-institutionalized and needed to find new identities, rules and practices of functioning. The period was characterized by a great deal of instability and volatility in contextual conditions as major political, economic and social changes were taking place simultaneously. The multi-party system was in its initial phase of development, the parliament had to learn the role of democratic legislator and the diffuse executive structure inherited from the Soviet Republic did not provide new political executives with a capacity for policy analysis. Consequently, this complexity and uncertainty made the formulation of rational reform strategies very difficult or even impossible.

Second, in the years 1997-2004 the accession to the EU dominated as the main driver of change. The pursuit of the EU membership was characterized by the notion of “conditionality” – like other candidates from CEE, Estonia had to demonstrate its administrative capacity and the ability to effectively apply the “*acquis communautaire*” before accordance of full membership (see e.g. Sedelmeier 2008). By the time of meeting with the reform pressure from the EU, the Estonian public-administration system had gone through radical transformation and had its new basic features already determined. More or less general consensus on the configuration of ministries and the description of their areas of governance had been developed, and formal procedures for democratic governance were growing in detail. The executive branch had elementary policy-making capacities in place and took initiative in drafting new or amendment legislation. Basic policies had been introduced for most critical areas of economic, political and social life.

The third phase of development after the accession to the EU in the years 2004-2010 can in some ways be seen as a new twist in the spiral of development when Estonia arrived at issues of performance and efficiency similar to those of the first phase, but in a completely different context. By that time, the Estonian politico-administrative system was already institutionalized. When the EU conditionality ceased, the internal factors became prominent again in the design of reforms. The global financial crisis with its intensive pressure on Estonian government after the economic boom based on the influx of cheap foreign credit emerged as the defining feature of the final years of the 20-year period.

Change of administrative structure

The basis of Estonian administrative organization has been stipulated in three Government of the Republic Acts adopted in 1989, 1992 and 1995. The Acts have been building on each other. A seminal legislative change in the administrative structure was made in 1989, when a new ministry-agency structure was created two years before Estonia regained independence. The 1992 Act that was hastily adopted after the first democratic elections in the fall of 1992 in order to solve the legal vacuum between the new democratic Constitution and the existing Soviet regulation on government followed the line taken towards administrative organization in 1989. The 1995 Act (still in force in 2012) further institutionalized the system by providing more detailed regulations on the build-up and functioning of the executive branch. (I, II)

In the period of 1990-2010, five intensive waves of structural reforms can be identified at the center of the government, although changes have also taken place in between them. First, in 1990 a comprehensive reform of government administration was carried out to enforce the 1989 Act. Two existing ministries were abolished, 10 ministries were established based on the previously existing Soviet state committees, and a number of agencies were given the new status of government organization. The second wave of intensive structural reforms arrived in 1993-1994 after the adoption of the 1992 Act. Several ministries were merged, and a number of new agencies formed on the basis of the existing units. At the same time, several agencies were terminated through mergers or absorption by their parent ministries. The third wave of reforms in 1996-1997 was directed at reorganizing the level of government agencies. The aim was to reduce the number of boards and inspectorates that were perceived to be too autonomous from the ministries. Their termination mostly took place through absorption by the parent ministries. The fourth wave of reforms in 1999-2002 (between the opening of the accession negotiations with the EU in 1998 and the accession in 2004) can be characterized as an active general administrative reorganization – the agencies were established as well as ended and moved between the ministries. The previous trend of abolishing government organizations was abandoned and reversed. Finally, in the years 2008-2010, seven complex mergers or complex reorganizations of government agencies took place, often also embracing functions from outside the center of the government. Seven agencies ended their existence in bigger multi-functional structures.

With regard to the period from 1995 to 2010 that is covered with detailed coding of change events, of the 40 government agencies listed in the 1995 GRA at the time of its adoption, only 11 still existed in 2010 with the same name and affiliation; four more only changed affiliation. A merger of two ministries took place. The events identified during the mapping exercise modified both the vertical and the horizontal dimensions

of the government structure. Nevertheless, whereas on the vertical scale there was no reason to speak of strong vertical specialization or de-specialization during that period, in the horizontal dimension, the trend was clearly towards decreasing specialization. The number of ministries fell from twelve to eleven. The number of boards and inspectorates decreased by twelve (40 in 1996 against 28 in 2010). Although nine new agencies were established, at the same time seven were discontinued and 25 participated in different kinds of mergers. There was no case of an existing agency being split up into new agencies.

Altogether, the twenty-year period saw a major organizational change and a lot of structural reshuffling. The general trend of reform at the center of government over these 20 years can be characterized as “de-agencification” – although a number of agencies were established next to abolishing and merging them, in sum the numbers of both the ministries and government agencies decreased significantly. On the level of agencies, the trend was towards the development of multi-functional organizations. **(II)** The pace of reforms was significant. There were only a handful of ministries and government agencies that existed with the same name in 1990 and in 2010. The rate of change was remarkable, also considering the fact that amending the GRA requires absolute parliamentary majority in Estonia (Constitution, § 104), therefore making the structural re-arrangements much more demanding in terms of political will.

The focus of the reforms changed over the years. While in the first years of transformation active reshuffling took place on the level of both the ministries and the agencies, in the later years, the focus shifted more to the level of agencies. The reforms were mostly sector-based. There were two episodes in the 20-year period when the focus was on the system as a whole – first in 1989-1990, when the Soviet administration was rearranged in order to support aspirations for larger self-determination within the Union, and in 1995-1997, when attempts were made to simplify and downsize the executive structure by terminating government agencies. As a whole, a segmented administrative system formed during the two decades of development. Estonia moved from a fragmented system inherited from the Soviet Republic to a segmented system that relies on strong ministries supervising their areas of governance regarding both policy and structure. Although the eleven ministries are small, they represent strong administrative actors that have considerable leverage over the issues belonging to their domain. Other coordinating centers in the system (Government Office, Ministry of Finance) are equipped with restricted coordinating powers and constrained by limited resources. By 2012, the problems of horizontal coordination and their impact on the policy capacity of the state have become more and more evident. **(I, III)**

Explanation of administrative development in Estonia 1990-2010

The discussion of CEE post-communist change is characterized by three central explanatory factors that are seen to direct the institutional development in the region – these are the development support and conditionality of international organizations, the inheritance of the communist politico-administrative system and the change of the party-political structure. (II, III) A particularly important issue is how these factors became manifest or combined in the initial phase of transformation that can be described as a “critical juncture” with a lasting impact on the further development. According to Capoccia and Kelemen (2007, 343) “Critical junctures are characterized by a situation in which the structural (that is economic, cultural, ideological, organizational) influences on political action are significantly relaxed for a relatively short period, with two main consequences: the range of plausible choices open to powerful political actors expands substantially and the consequences of their decisions for the outcome of interest are potentially much more momentous.” In other words, critical junctures are periods distinguished by uncertainty and contingency that have a potential to set in motion new institutional patterns with deterministic nature – to set new paths of development that induce further movement in the same direction (Capoccia and Kelemen 2007; Mahoney 2000; Pierson 2000).

With regard to the key explanatory factors, the discussion of environmental pressures for administrative change in CEE tends to feature two central arguments – first, that there was very low pressure from the national environments related to the weak civil societies of the post-communist countries and under-institutionalized mechanisms of state-society cooperation (see e.g. Goetz and Margetts 1999; Nemeč 2009; Randma-Liiv et al. 2008), and, second, strong pressure from international environments in the forms of development aid and, later, EU “conditionality” – a need to demonstrate administrative capacity and the ability to effectively apply the “*acquis communautaire*” before accordance of full EU membership (Grabbe 2003). A considerable influence of international financing institutions, EU and international management doctrines on public administration and policy is generally predicted.

The lack of experience with institutions necessary for independent statehood and the need to have major reforms in a very short time lead to the assumption that there was a huge opportunity for Western models and know-how to influence the administrative reforms in CEE, especially in the initial economic and political transformation that was actively supported and also supervised by different international actors – OECD/SIGMA (financially supported by the EU), the World Bank, IMF and bilateral donors (Nemeč 2009). These years were characterized by “supply-based policy-transfer” (as opposed to “demand-based policy-learning” later) (Randma-Liiv 2005). At the same time, the post-communist structural reorganization started at a time in

history when the international environment was dominated by neo-liberal definitions of problems and solutions for democratic governing. Bruszt (2002) has brought out that in the initial years of economic reforms in the CEE countries, the policies were basically shaped by the “Washington Consensus” stressing the importance of de-statization, de-regulation and progress of economic development in terms of the level of freedom from the state, whereas the building up of regulative state capacities began long after the introduction of liberalizing measures.

The central historical-cultural issue addressed in the discussion on the CEE transformation is the status of communist legacies in explaining the administrative developments. As pointed out by Meyer-Sahling (2009, 511) “the very term ‘post-communist’ administration implies that the period of communism is a defining attribute of East Central European administrations”. The perspective of legacy explanations tends to be negative – the deficiencies found to be present in the CEE administrative systems are perceived to be the “inheritance of the former system of governance which has proved extremely difficult to shake off” (Verheijen 2007; see also Verheijen 1998). However, the estimation of the communist impact on the post-communist development depends on the extent of “de-institutionalization” of political and economic spheres after the collapse of communist systems. According to Olsen (2009, 10-11), de-institutionalization implies that “existing institutional borders, identities, rules and practices as well as shared conceptions of legitimate resources and powers are becoming contested and possibly discontinued.” The rate of de-institutionalization can be expected to be especially high in the so-called “newly independent states”, including the Baltic States, which were formerly parts of the Soviet Union (Randma-Liiv et al. 2011b, 165).³ The higher the rate of de-institutionalization, the easier to introduce new institutional solutions.

At the same time, as noted by Crawford and Lijphart (1995, 176), in the establishment of democratic political systems in CEE, legacies became tools of political discourse and competition, and their relative weight was determined by the specific national contexts. From that perspective, it is the mode of separation of the Communist Party and the state in the initial phase of transformation that can be expected to have a lasting impact on the further development of the governance system (Ganev 2001). A critical factor from this perspective was the result of the first free elections – whether these

³ Lieven (1993, 316) has named the first year of independence a “Year Zero” for the Baltic states: “In comparison with the countries of Eastern Europe, the Baltic states, as constituent parts of Soviet Union, were at a colossal disadvantage, as they set out to free themselves from Communism and reform their states and economies. Whereas the East European satellites possessed at least the formal attributes of independent statehood, however theoretical they might be, the Baltic states lacked their own currencies, armed forces, border guards, diplomatic services, central or even local banks, railways, airlines, and even tourist offices.”

were won by the old elites or the democratically minded opposition. “Countries where the first elections brought about the separation of party and state stand a much better chance of extricating themselves from the ruins of socialism than do countries where the separation did not occur until later” (Ganev 2001, 396).

In the context of Estonian public administration, several critical combinations of political, cultural and environmental factors appear over the two decades of post-communist transformation that have contributed to the institutionalization of the administrative structure and to the evolvement of a segmented administrative system. In addition to the three key explanatory factors addressed above, a further environmental factor becomes manifest – it is the small size of Estonia. **(I, II, III)**

First of all, the first democratic elections of 1992 were won by the nationalistic-conservative anti-communist Pro Patria Union, which ran its campaign with the slogan “Clean the house!” The right-of-center coalition of the Pro Patria Union, the Estonian National Independence Party and the Moderates implemented a liberal “shock therapy” in the Estonian economy (Lauristin and Vihalemm 2009, 9).⁴ The general elections of 1995 brought a change in the division of political mandates, but no considerable turn to the Left. The neo-liberal worldview had a strong influence on the way the state and its reconstruction were perceived in the initial stage of transformation. The sharp break with the communist past in the first democratic elections created a favorable ground for overarching reforms. The aim of building a new efficient state according to neo-liberal understanding combined with the fear of the possible persistence of the overwhelming, fragmented and one-party-controlled public administration inherited from the Soviet Republic. This combination of ideology and fear became manifest most clearly in the goal of downsizing the administrative structure and a great concern taken with the issue of decentralization of power within government (Riigikogu 1992a; 1992b).

The decentralized approach to reforms and governing was also further supported by the task environment where the initial decisions on the principles of the new system were made under serious time pressure and a heavy workload. In the presence of Russian troops in Estonia until 1994, the persistence of independence was not self-evident, and the coalition aimed to use the window of opportunity gained with self-determination as much as possible. The 1992 coalition agreement declared that the Government would

⁴ “Trying to open the window of opportunity, the Estonian government chose the path of maximum liberalization: no tariffs, no subsidies, no regulated prices (with the exception of governmental constraints on the price of energy, water, health services, postal services), no progressive taxes, no quotas and no extensive transfers of income” (Lauristin and Vihalemm 1997, 107). The leader of the Union, Mart Laar, Prime Minister in 1992-1994 and 1999-2002, is famous in Estonia for being called the best pupil of Margaret Thatcher, allegedly by Thatcher herself (Bahovski 2005).

work, among other things, on the creation of the Estonian defense forces, the establishment of a professional border-guard service, the determination of the principles of local self-government, carrying out taxation reform, adopting legislation necessary for developing market activities and initiating wide-scale privatization (Coalition agreement). As the ambitions for reform were high, actual know-how little and time for coordination and consultation in short supply, the decentralized problem-solving approach appeared natural. The 1992 GRA gave only a very general framework for reforming the system and individual ministers were trusted with a lot of freedom in molding and reforming administrative organization and policies in their areas of governance. Consequently, the foundations to a segmented administrative system were laid down in the initial stage of transformation. (III)

Second, the analysis of Estonian administrative development shows that the whole politico-administrative system was de-institutionalized at the beginning of the 1990s and needed to find new ways of functioning (II). The landmarks for orientation were found in two grand ideas in Estonia – the abandoning of the soviet politico-administrative system and the restoration of independent statehood lost in 1940. Most importantly, the changes were taking place in the background of *re-gained* statehood. The 1992 Constitution established the principle of legal continuity of the Republic of Estonia, proclaimed independent in 1918 and occupied by the Soviet Union in 1940. The 1992 Government declared in its coalition agreement (followed also by a Parliamentary declaration) that the modernization of legislation in newly-independent Estonia must be based on the legislation of the First Republic. Thus, in a situation where the changes had to be made quickly and there was no handy template for a democratic public administration to use, the model and assurance was found in the pre-Second World War administrative experience. Although it was not possible to take over the 1938 regulation, it provided some important anchors with regard to the ministry-agency structure and the division of functions between the ministries (Randma-Liiv 2005; Riigikogu 1992a; 1992c). The direct influence of the First Republic has been noted in other spheres of state administration, for example in the initial choice of budgetary institutions, where important provisions were taken over from the 1938 State Budget Act, sometimes even word by word (Raudla 2010, 472).

Third, although it has been claimed that the role of external factors started to grow almost immediately after the restoration of independence and was “especially fruitful in those areas where the remnants of the Soviet system needed to be replaced as quickly as possible with effective new structures: *inter alia* taxation, customs, banking, social insurance, public health, labor market, etc.” (Lauristin and Vihalemm 2009, 10), there is no indication in the analyzed materials of any significant and sustainable input from the international actors either in terms of know-how or conditionality into determining the underlying principles of the Estonian administrative system. A similar

conclusion was drawn earlier by Randma-Liiv (2005) who argued that, regardless of Estonia being active in foreign lesson-drawing, and in the early years of transformation a target of considerable foreign aid for state-building, international influence was relegated to the level of individual programs and policies, and its impact on the fundamental structure and functioning of the central government was rather insignificant. A similar observation has also been made in the context of other CEE states (Goetz and Wollmann 2001, 883). The finding reflects a more general claim that whereas the impact of international financial institutions (IFIs; e.g. IMF, World Bank, EBRD) and their agendas has been clearly recognized in the case of economic policies of the young CEE democracies (Bruszt 2002), it has been more difficult to estimate the effect of IFIs and other international actors on the development of public administrations. On the one hand, the external influence on the CEE democratization appeared in several different forms (e.g. consultancy, development aid or conditions for financial support) and, on the other hand, its impact was dependent on the domestic political preferences and configurations (Zaborowski 2005).

Nevertheless, the transformative power of one of the international actors – the EU – is evident in the Estonian case (**I, II**). During the phase of EU accession a significant change in the principles of structuring public administration and the allocation of regulatory functions in the system took place in Estonia. Due to the EU pressure, the previous policy of terminating government organizations as centers of steering, to some extent autonomous from the ministries, and merging them with the parent ministries held over different governing coalitions from 1992-1998 was abolished and reversed in order to accommodate regulatory responsibilities in accordance with the EU rules. As argued by the minister of communication in front of Riigikogu in 1998 – the EU directive presumed a type of organization (independent regulatory agency) that was alien to the Estonian administrative system (Riigikogu 1998). In the clash of doctrines the EU approach prevailed. Due to the conditionality and the ongoing institutionalization of the administrative system, the EU had a penetrating influence on the Estonian public administration.

Furthermore, the characteristics of an administrative system with strong ministries having a considerable leverage over the issues falling to their areas of governance were further strengthened by the process of accession to the European Union. As a segmented system had already taken root by the time of accession, the accession process was organized in Estonia by dividing the issues between ministries according to their mandate. In combination with the sectoral approach of the EU in evaluating and supporting administrative development in CEE (Jacobs 2004, 322; Dimitrova 2002, 179), the decentralized administrative structure was further institutionalized in Estonia. Although it was also increasingly discerned at the same time that Estonian public administration needed better mechanisms for horizontal coordination, these

pressures were accommodated by establishing network-type instruments of cooperation.

Fourth, the initial de-institutionalization of the public sector and its radical reorganization in a short period of time molded a technocratic politico-administrative culture in Estonia that took administrative reform as something that can be done quickly and by changing regulations. The system was tolerant to solving performance issues by structural reorganizations, even if this required initiating legislative amendments. The speed and scope of the initial post-communist reforms supported the emergence of “transition macho managers” (Tönnesson and Randma-Liiv 2009, 106) with a top-down style of reforms and little familiarity with consulting parties outside the administration. As the Estonian civil society itself was also going through major changes during the two decades, it was possible to carry out considerable changes without critical evaluation or public debate.

Fifth, the neo-liberal worldview that shaped reforms in the initial phase of transformation has dominated Estonian political, economic and social development also in the later periods (cf. Drechsler 2000; Drechsler 2004; Lauristin and Vihalemm 2009; Muhhina 2012; Nørgaard and Winding 2005; Raudla 2011; Raudla and Kattel 2011). Its reign has been maintained by the political structure with two main parties carrying the worldview – the Pro Patria Union and the Reform Party – firmly institutionalized in the political landscape and with a remarkable record of being in power. The Reform Party has been holding the position of Prime Minister since 2005 and has persisted in government since 1999 (13 years in a row by 2012). The neo-liberal inclination towards a lean state has found support also in Estonia’s relative lack of financial and human resources. This has resulted in modest interest in administrative development and reluctance towards investing in the administrative system. As concluded recently by OECD (2011), there seems to be “a lack of shared understanding about the role of the public administration for ensuring Estonia’s future” among the political and administrative leaders.

The neo-liberal mindset of the politico-administrative elite has also been reflected in the support for NPM-type management instruments. It has even been claimed that Estonia is “one of the CEE countries closest to NPM models” (Drechsler 2004, 391). However, at the same time, the structural reforms carried out at the center of the Estonian government have been different from the NPM-type structural reforms in the Western democracies characterized as “agencification” – breaking up rigid and inert bureaucracies into smaller, task-specific performance-based units that have clear goals and accountability mechanisms (Talbot 2004). Instead, the reforms that took place in the 20-year period can be characterized as “de-agencification” and consolidation of the structure. Furthermore, the structural changes undertaken during Estonian accession to

the EU, when several agencies were established to accommodate the EU requirements, have been rearranged to a certain extent in the post-accession period when wide-ranging attempts for consolidation returned. Possible explanations for that divergence are discussed in **II**, and they range from very different initial conditions in CEE (fragmented administrative system) to the small size of the Estonian state.

Importantly, the country's small size appears from the analysis as an additional explanatory factor that seems to have had a significant effect on the institutionalization of the Estonian administrative system through shaping the understanding of political actors on the feasibility of different reform options and mediating international influence. Most of all, it can be hypothesized that the small size of Estonia has pushed reformers towards establishing multi-functional agencies. According to the small-state theory, states with populations as small as Estonia's are expected to show special traits in their public administrations (**IV**). One of the most recognized among them, besides limited scope of activity, reliance on informal structures, constraints on steering and control and higher personalism, is multi-functionality. The small size of states limits specialization and pressures public institutions towards multi-functionalism. It appears both on the level of individual officials as well as entire public organizations. Grouping of functions gives them an advantage of scale – allows internal access to a wider range of skills and permits more efficient use of resources (e.g. technical support staff) (Bray 1991, 40-41).

These arguments are supported by the Estonian trend towards multi-functional government organizations. Especially in the years 2008-2010, several complex mergers of the government agencies took place and led to bigger multi-functional structures where the regulation and oversight of different policy fields were brought together to single integrated administrations. Interestingly, there was no direct reference to the global economic crisis and its harsh effect on the state budget as a driver of the structural changes. The reforms were motivated with arguments that government agencies would become more “sustainable” through the establishment of multi-functional agencies and that the reorganizations would lead to economies of scale (e.g. Riigikogu 2007; Seletuskiri... 2009). The special context of a small state was occasionally brought out, mostly as a reason to do things “our own way”, for example by integrating functions that in the other EU member states were in separate agencies (e.g. in the case of the Estonian Competition Board; Seletuskiri... 2007). In some instances, the mergers were seen to create possibilities for specialization and increasing professional standards by establishing larger service areas and decreasing the multi-functionality of individual positions (e.g. in the case of the Environmental Board; Keskkonnaministeeriumi... 2008). Altogether, in the context of the Estonian administrative change the small size of the state appears as an important factor that has

had an impact on the development of the administrative system and that deserves further analysis.

Directions for further research

To conclude the preceding introductory overview, the case study of the Estonian administrative structure demonstrates the value of analyzing post-communist development as a complex “transformation” and not as a one-way “transition” to certain pre-defined models. Although the CEE states have gone through similar phases of development, their specific national contexts have created different incentives, constraints and bases for structural change within the democratization process. As the Estonian case shows, in the situation of extensive de-institutionalization of the existing institutional frameworks, there is considerable room for structural change and the void left by de-legitimization of the preceding system may be filled by administrative and political leaders by accommodating both the demands of the specific national historical-cultural context and international environmental pressures. The outcomes of such reforms can be explained by recognizing different basic types of factors at work and analyzing their influence. Furthermore, such a transformative perspective allows one to examine the CEE structural change as a universal theoretical problem and to apply the knowledge gained for furthering the understanding on the change of administrative structures in general.

The thesis makes a contribution to the international academic discussion by providing a systematic overview of the development of the Estonian administrative structure and analyzing it in a comprehensive theoretical framework that constitutes a novel perspective to the subject in the context of CEE post-communist studies. Furthermore, it demonstrates the relevance of the state’s small size as an explanatory factor and establishes a theoretical foundation for further empirical studies. At the same time, the findings and the research process of the thesis indicate several avenues for future inquiries. There is considerable room for research with regard to the Estonian case, the application of the mapping methodology in general (V) and in the CEE context more specifically, and for explaining the structural development of administrative systems.

First of all, with regard to the case of the Estonian public administration, the thesis gives a detailed overview of the structural change at the center of Estonian government. Further research endeavors could also address the evolvement of the other types of agencies that operate in the Estonian administrative landscape, especially the private-law foundations that form an interesting group of organizations for several reasons and the diverse group of relatively autonomous public institutions. Addressing the development of these types of agencies that usually function in a longer distance from the parent ministries and have a separate legal identity (private or public) could

give a richer picture of the post-communist structural change and the change factors at work, and shed light on the reasons for locating public functions in different types of public organizations.

The Estonian case also offers possibilities for going into more detail with regard to the theoretical explanations behind the changes. Most of all, the issues that emerge from the thesis relate to the impact of international change agents and management doctrines, global economic crisis as a driver of structural change and the influence of the small size of the Estonian state on its administrative development. Especially the issue of state size as an independent variable is relatively under-theorized and could benefit considerably from systematic empirical research (IV). A great potential from that perspective lies in testing the combination of small-state theory and population ecology of organizations that focuses on environmental pressures for adaptation on whole populations of organizations (see Peters 1992, 205-210; Carroll 1984; Hannan and Freeman 1989) and would allow advancing the analysis of the impact of small-state constraints on public-sector structure.

Second, the relevance of the mapping methodology for describing the administrative systems, understanding the changes that take place within them and grasping how they evolve in time has been demonstrated in the established democracies (Boin et al. 2010; Læg Reid et al. 2010; MacCarthaigh 2012b; Rolland and Roness 2012) and also in the context of CEE states (Hajnal 2010; Musa and Koprić 2011; Nakrošis and Budraitis 2012). Mapping the structural development of CEE public administrations can contribute both to the theoretical framework for explaining the post-communist changes as well as to the advancement of the mapping methodology itself by testing the universality of the organizational and event classifications in different politico-administrative systems (V; cf. Hajnal 2012; MacCarthaigh 2012a) and in the context of high organizational change and volatile structures.

Furthermore, longitudinal mapping of structural change within CEE could considerably enhance the understanding on the ways the states as such have changed during the post-communist transformation – how their role has changed in terms of the functions that they fulfill and whether they have moved from certain dominant types to others (especially in the initial phase of transformation and in the phase of accession to the EU; cf. Hardiman and Scott 2010). In addition, mapping can contribute considerably to comparative studies of administrative systems. Particularly so in the context of CEE countries where high-quality empirical studies have been few. Now that there is more systematic information on the CEE administrative structures available, recently to a great extent related to the European Science Foundation-funded COST Action titled

“Comparative Research into Current Trends in Public Sector Organization – CRIPO”⁵ (see Randma-Liiv et al. 2011a; Verhoest et al. 2012), it is possible to move on to comparative studies and to seek further knowledge on the types of administrative systems in operation, their evolvement in time and the explanatory factors behind the changes.

Last but not least, analysis of CEE post-communist transformation has a great potential to advance the institutional theory in general and the analysis of institutional change in particular. Although the concepts of “critical junctures” and “path dependency” are widely used in academic analysis, they are seldom critically dissected and systematically applied in research (Capoccia and Kelemen 2007; Mahoney 2000). CEE countries with their wide-reaching transformations and ambitions to shift to new economic and political systems offer an excellent environment for the analysis of critical openings, de-institutionalization and re-institutionalization processes, the impact of under-institutionalized environment on political decision-making and reproduction of institutional patterns. The opportunities for further analysis can be exemplified by the struggle with the legacy explanations in the CEE context – whether communist, pre-communist or by now also post-communist (see for example Crawford and Lijphart 1995; Meyer-Sahling 2009; Mayer-Sahling and Yesilkagit 2011). Also in this stream of research a big potential lies in comparative studies of CEE countries that have gone through similar phases of transformation, but different processes of institutionalization.

⁵ <http://soc.kuleuven.be/io/cost/> (18 December 2012).

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SUMMARY IN ESTONIAN

Avaliku halduse organisatsioonistruktuuri muutuste kaardistamine ja analüüs: Eesti haldussüsteemi areng 1990-2010

Seoses üleminekuga kommunismilt demokraatialle ja plaanimajanduselt turumajandusele on Kesk- ja Ida-Euroopa (KIE)⁶ riigid läbi teinud suured poliitilised, majanduslikud ja ühiskondlikud muutused. Kuigi üldise riigielu ümberkorraldamisega kaasnesid olulised reformid ka täidesaatva võimuharu ülesehituses, on avaliku halduse organisatsioonistruktuuri arengut siiani KIEs teaduslikult analüüsitud vähe ning uurijad on keskendunud eelkõige majandussüsteemile ja poliitilistele institutsioonidele. Samal ajal on alles kujunemisjärgus ka üldine haldusstruktuuride pikaajalise arengu analüüsimise teaduslik raamistik. Akadeemiline teadmine selle kohta, kuidas ja miks riikide avaliku halduse organisatsiooniline ülesehitus pikema aja jooksul muutub on täna veel lünklik ning KIE üleminekuaja kontekst, kus täidesaatva võimuharu struktuurimuutus on olnud osaks üldisest majanduslikust, poliitilisest ja sotsiaalsest teisenemisest, pakub selles osas lisaväljakutse.

Käesoleva väitekirja eesmärgiks on Eesti juhtumi analüüsi abil erialase rahvusvahelise diskussiooni edendamine nii haldusstruktuuride kaardistamise ja analüüsimise osas üldiselt kui post-kommunistliku avaliku halduse organisatsioonistruktuuri arengu mõistmise osas spetsiifilisemalt. Eesti keskvalitsuse täidesaatva võimuharu struktuuri arengut demokraatialle üleminekul ning tänase haldussüsteemi välja kujunemist uurides otsib väitekirja vastust kahele kesksele küsimusele:

- Millised muutused toimusid aastatel 1990-2010 Eesti avaliku halduse organisatsioonilises ülesehituses?
- Millised tegurid olid muutuste taga ning kuidas need suunasid struktuuri arengut?

Väitekirja koosneb viiest teaduspublikatsioonist (**I**; **II**; **III**; **IV**; **V**) ja sissejuhatusest, mis tutvustab valitud teemat, selle olulisust ning asetab töö laiemasse akadeemilisse konteksti. Publikatsioonid annavad ülevaate Eesti haldussüsteemist, keskvalitsuse haldusorganisatsiooni struktuurist ja selle arengust (**I**), Eesti avaliku halduse arengu kaardistamise meetodikast ja peamistest leidudest (**II**) ning kesketest arengut suunanud teguritest (**III**). Samuti võtab väitekirja kokku olemasoleva teoreetilise teadmise riigi väikse potentsiaalse mõju kohta avaliku halduse struktuurile (**IV**) ning

⁶ Käesoleva väitekirja kontekstis peetakse KIE all eelkõige silmas kümmet Euroopa Liiduga liitunud post-kommunistlikku riiki (Bulgaaria, Eesti, Leedu, Läti, Poola, Rumeenia, Slovakkia, Sloveenia, Tsehhi ja Ungari).

analüüsib täidesaatva võimuharu struktuuri kaardistamise ning arengute analüüsimise edasisi arenguvõimalusi üldiselt (V).

Uurimistöö koosneb kolmest osast. Esmalt luuakse üldine pilt Eesti riigi täidesaatva võimuharu organisatsioonilisest ülesehitusest (I). Teiseks kaardistatakse erinevate dokumentide (seadused, seadusemuudatused ja nende eelnõud, Riigikogu istungite stenogrammid, koalitsioonilepingud, avaliku teenistuse aastaraamatud jms) analüüsi abil täpne struktuuri areng ministeriumide, ametite ja inspeksioonide tasemel ehk täidesaatva võimuharu keskmes. Et tegemist on Eesti riigi kontekstis poliitikate kujundamise ja elluviimise seisukohast kriitilise tähtsusega struktuuri osaga, siis annab nende organisatsioonide uurimine kõige esinduslikuma pildi avaliku halduse ülesehituse muutumisest ja selle põhjustest 20 aasta jooksul. Konkreetsete struktuuri muutmissündmuste kodeerimiseks kasutatakse Norra riigihalduse andmebaasi kodeerimisjuhendit ning sündmuste tüübi kategoriseerimisele lisaks määratletakse ka nende mõju haldusstruktuuri horisontaalsele ja vertikaalsele spetsialiseerumisele (vt II). Kolmandaks koondatakse kaardistamise käigus kogu informatsioon struktuurimuudatuste põhjuste kohta ning võrreldakse seda avaliku halduse arengut puudutavate seletuste ja väidetega muudes allikates (akadeemilised analüüsid, reformikontseptsioonid, erinevad raportid jms). Nii sünnib pilt sellest, mis on olnud muutusi suunavad tegurid (vt II, III).

Väitekirja teoreetiline raamistik toetub ajaloolisele institutsionaalsele analüüsile ning kombineerib seda avaliku halduse organisatsioonilist ülesehitust, post-kommunistlikku arengut ja väikeriike puudutava rahvusvahelise teadmisega. Selline nelja erineva teoreetilise suuna kombinatsioon pakub KIE uuringutes uudse vaatenurga. Käesolev väitekirja panustab rahvusvahelisse akadeemilisse diskussiooni vähemalt viiel moel. Esiteks, andes süstemaatilise ülevaate ühe KIE riigi haldusstruktuuri arengust. Teiseks, tuues post-kommunistliku arengu analüüsi sisse organisatsioonistruktuuri ja väikeriigi teooriad. Kolmandaks, süstematiseerides olemasoleva teoreetilise teadmise väikeriigi mõjust haldusstruktuurile ning luues aluse edasistele empiirilistele uuringutele. Neljandaks, võttes vaatluse alla 20 aastase perioodi, mis on KIE uuringute kontekstis erandlik ning võimaldab anda pildi teguritest, mis on tänase Eesti haldussüsteemi väljakujunemist mõjutanud. Viiendaks, pakkudes välja ühe võimaliku viisi post-kommunistliku struktuurilise arengu kaardistamiseks, mida saab kasutada sarnaste uurimisprojektide kavandamiseks teistes KIE riikides. Lisaks panustab väitekirja läbi avaliku halduse arengut ja toimimist puudutava info koondamise ja süstematiseerimise ka Eesti haldussüsteemi arendamise alasesse praktilisse diskussiooni.

Kuna KIE riikide avaliku halduse ülesehituse arengut on süstemaatiliselt analüüsitud vähe, siis võib käesolevat uurimistööd lugeda teedrajavaks. See identifitseerib struktuurimuutuse, püüab selgitada selle põhjuseid ning toob välja võimalused

edasiseks uurimistöök. Kuigi Eestit ei saa KIE kontekstis pidada esinduslikuks juhtumiks – nii riigi väiksusest, iseseisvuse taastamisest kui KIE riikide üldisest mitmekesisusest tulenevalt –, on Eesti juhtumi analüüs siiski laiemate teadusliku väärtusega. Ühelt poolt sellepärast, et KIE riigid on demokratiseerumise käigus läbinud sarnased arenguetapid algsest transformatsioonist kuni Euroopa Liidu (EL) liikmelisuseni ja teiselt poolt sellepärast, et Eesti avaliku halduse struktuuri arengu analüüs aitab paremini mõista seda, millised tegurid mõjutavad avaliku halduse organisatsioonistruktuuri muutumist üldiselt ja kuidas nad erinevates ajapunktide kombineerudes loovad uusi institutsionaalseid lahendusi.

Väitekirja vaatleb Eesti post-kommunistlikku arengut kui „transformatsiooni“ ehk teisenemist. See erineb KIE uuringutes domineerivast „transitsiooni“ ehk siirde perspektiivist, mis analüüsib KIEs toimunud muutusi ühesuunalise liikumisena kommunismilt demokraatialle ja plaanimajanduselt turumajandusele. Teisenemise perspektiiv pakub KIE arengute analüüsimiseks avarama vaatenurga lubades poliitilistel, majanduslikel ja sotsiaalsetel institutsioonidel muutuda ilma kindlat suunda ette andmata. Eesti haldussüsteemi arengut suunanud tegurite analüüsimisel võetakse aluseks transformatiivne lähenemine (*transformative approach*), mis eeldab, et avaliku halduse struktuurimuutused toimuvad laias laastus kolme tüüpi tegurite omavahelises koosmõjus. Nendeks teguriteks on (1) poliitilised strateegiad, (2) avaliku halduse ajaloolis-kultuuriline kontekst koos oma arusaamisega ootuspärasest ja soovitatavast arengust ning (3) avalike organisatsioonide tegutsemiskeskonnast tulenevad surveavaldused arenguks või muutusteks. (II, III, V)

Struktuurimuutuste sisu ja eelnevate mõjutegurite ilmnemise põhjal on Eesti avaliku halduse institutsionaalses arengus võimalik välja tuua kolm suuremat etappi, mis iseloomustavad KIE riike ka üldiselt. (I, II, III) Esiteks, iseseisvuse taastamisele eelnenud ja vahetult järgnenud aastad (1990–1996), kui toimusid radikaalsed majanduslikud ja poliitilised muutused, mis peegeldusid ka avaliku halduse struktuuris. Teiseks, Euroopa Liiduga liitumise ettevalmistamise periood (1997–2004), kui haldussüsteemi areng ja võimekus muutusid keskse tähtsusega teemadeks. Kolmandaks, aastad Euroopa Liidu ja NATO täisliikmena (2004–2011), kui fookus liikus taas Eesti enda vajadustele ja võimalustele, seda eriti ülemaailmse majanduskriisi ja riigi sissetulekute olulise vähenemise kontekstis.

Nende perioodide sees saab Eestis eristada viit suuremat täidesaatsuva võimuharu struktuuri reformimise lainet. Esimene laiaulatuslik ja põhimõttelise tähtsusega struktuurireform toimus 1990. aastal, kui viidi ellu 1989. aasta detsembris vastu võetud ENSV Ülemnõukogu seadus ENSV valitsuse kohta. Seadusega sätestati, et Eestis on 17 ministriumini ning Riigikantselei, mida juhib riigiminister. Et sellise struktuurini jõuda, kaotati kaks ministriumini ning riiklike komiteede baasil loodi kümme uut

ministeeriumi. Muutused toimusid ka ministeeriumide allasutuste tasandil, kus mitmetele üksustele omistati ameti või inspeksiooni staatus. Kuigi struktuuris on järgnevate aastate jooksul tehtud palju muudatusi, loodi 1990. aastal läbi viidud reformidega alus praegusele haldussüsteemile ning 1992. ja 1995. aastal vastu võetud Vabariigi Valitsuse seadused ehitasid sellele põhjale.

Teine suurem reformide laine järgnes 1992. aasta Vabariigi Valitsuse seaduse vastuvõtmisele. Aastatel 1993–1994 ette võetud haldusorganisatsiooni reformid olid ulatuslikud – liideti mitmed ministeeriumid ning moodustati vähemalt kümme uut ametit, samal ajal teisi likvideerides neid omavahel või ministeeriumidega liites. Üldkokkuvõttes iseloomustas tollaseid muudatusi hajusa ja killustatud haldusorganisatsiooni kokkutõmbamise ja ühtlustamise eesmärk. Kolmandaks, aastatel 1996-1997 toimunud reformid oli suunatud ministeeriumidele alluvate valitsusasutuste taseme ümberkorraldamisele eesmärgiga vähendada ametite ja inspeksioonide arvu. Viimaseid tajuti liiga autonoomsetena ja ministeeriumidega konkureerivatena. Neljas ümberkorralduste laine aastatel 1999-2002 seondus ELiga liitumisega ning seda võib pidada avaliku halduse institutsionaalse ülesehituse üldiseks ümberkorraldamiseks, mille suunaks oli vastupidiselt senisele koondamispoliitikale pigem uute organisatsioonide juurdeloomine. ELiga liitumise perioodil loobuti senisest ametite kaotamise poliitikast. Viimaseks, aastatel 2008-2010 leidis Eestis ministeeriumidele alluvate valitsusasutuste tasandil aset seitse kompleksset funktsioonide integreerimisele suunatud ümberkorraldust, mille tulemusena kadus üle kahekümne haldusorganisatsiooni ning sündis seitse uut multifunktsionaalset ametit.

Seega toimusid vaatlusalusel perioodil Eesti avaliku halduse ülesehituses väga suured muutused ning 1990. ja 2010. aasta haldusstruktuurid erinesid üksteisest nii asutuste arvu, nimetuste, funktsioonide kui ka toimimisprotseduuride poolest. Institutsionaalse ülesehituse reformid tegelesid nii optimaalse ministeeriumide arvu küsimusega (peamiselt 1990ndate esimeses pooles) kui ka ministeeriumide ja neile alluvate asutuste omavahelise funktsioonide jaotuse ja allasutuste mõistliku koosseisu temaga (kõik 20 aastat). Kui proovida kogu perioodile leida ühendavat märksõna, siis oleks selleks tõenäoliselt kokkutõmbamine või konsolideerimine – kuigi erinevat tüüpi asutusi selle aja jooksul nii loodi, kaotati kui ka liideti, oli üldsuunaks haldusorganisatsioonide koondamine ja nende arvu vähendamine.

Samas on Eesti avaliku halduse institutsionaalse ülesehituse reformide peamiseks tunnusjooneks olnud ka see, et need on olnud vähesüsteemsed ja sektoraalse iseloomuga – areng on toimunud suuresti *ad hoc*, ministeeriumide valitsemisalade keskselt. Välja on kujunenud haldussüsteem, mis toetub ministeeriumide vastutusele oma võimkonda jäävate küsimuste lahendamisel ning seda põhimõtet arvestavad ka

erinevad keskse koordineerimise mehhanismid, mis toetuvad eelkõige koostööle, mitte teatud institutsioonide juhtimisõigusele. Süsteemi töö koordineerimise funktsioonidega institutsioonid (rahandusministeerium, Riigikantselei, peaministri büroo jt) on piiratud võimuga ja sageli ka piiratud ressursidega. Välja on kujunenud segmenteerunud süsteem, mille probleemid horisontaalse koostöö ja koordineerimise tagamisel on muutunud üha ilmsemaks.

Eesti avaliku halduse struktuuris toimunud muutuste põhjuseid ning tänase süsteemi välja kujunemist aitab analüüsida transformatiivne lähenemine, mis suunab tähelepanu poliitiliste, kultuuriliste ja keskkonnategurite kombineerumisele ajas. KIE riikide arengute analüüsimise kontekstis on eriti oluliseks küsimuseks see, kuidas need faktorid suhestusid omavahel üleminekuaja algaastatel, millest räägitakse kui „otsustavast silmapilgust” või „kriitilisest avanemisest”, kus neil riikidel oli võimalus teha radikaalseid muudatusi ning luua alus uutele institutsionaalsetele lahendustele. Nii KIE riikide esmase transformatsiooni kui hilisemate aastate arengute analüüsimisel domineerivad rahvusvahelises diskussioonis mõned tegurid, millele omistatakse suurem kaal kui teistele. Neist kõige suurema tähelepanu osaliseks on tõenäoliselt saanud kommunistliku taaga probleem ning küsimus, kui palju see on haldusreformidega seotud valikuid piiranud või suunanud. Perspektiiv on enamasti olnud negatiivne ning on leitud, et kommunistlikud institutsioonid on osutunud väga püsivateks. Teine keskne teema seondub keskkonna mõjudega. Enamasti väidetakse, et vähearenenud kodanikuühiskonna ning riigi ja ühiskonna nõrkade koostöövormide tõttu on rahvuslikust keskkonnast tulenev reformisurve olnud KIE riikides nõrk. Seevastu rahvusvahelisele survele omistatakse väga suurt kaalu ning kesksel kohal on seejuures ELiga liitumise „tingimuslikkus” (*conditionality*) ehk KIE riikidele liitumisprotsessis esitatud nõue veenda vanasid liikmesriike oma pühendumuses demokraatlikule valitsemisele ning võimes edukalt rakendada ELi regulatsioone. Poliitiliste tegurite osas tuleb kaalukana välja esimeste valimiste tulemus – kas selle võitsid endised kommunistid või demokraatlikult meelestatud opositsioon – kui viimane, siis oli lahti ütlemine eelnevast süsteemist tõenäoliselt järsem ja üleminekuaja algfaasi reformid ulatuslikumad.

Eesti avaliku halduse organisatsioonilise ülesehituse analüüsimise kontekstis ilmnevad mitmed poliitilised, kultuurilised ja keskkonnategurid ning nende kombinatsioonid, mis on arengute suunamisel omanud kriitilist rolli ning on mõjutanud tänase segmenteerunud haldussüsteemi välja kujunemist (**I**, **II**, **III**). Esiteks, olulise poliitilise tegurina saab välja tuua esimeste põhiseaduslike valimiste võidu „Isamaa“ poolt, mis päädis liberaalse šokiteraapia ja ulatuslike haldusreformide sisseviimisega. Viimastega loodi alus ka tänasele detsentraliseeritud ülesehitusega täidesaatvale võimuharule. Ühelt poolt iseloomustas seda aega suur ettevaatlikkus teatud üksustele horisontaalse otsustusõiguse andmise osas – püüti teadlikult vältida nõukogude süsteemi tugeva

keskse juhtimisega seotud probleeme ja muutusi suunas hirm kommunistlike institutsioonide püsimise pärast. Teiselt poolt iseloomustas esimeste üleminekuaastate reforme tohutu aja- ja oskusteabe puudumise surve, mistõttu kõige ratsionaalsem oli toetuda ministeeriumide vastutusele ning usaldada nende võimet kõige paremal moel toime tulla oma valitsemisala halduspoliitikate ja struktuuride reformimisega. Järgnevate aastate kontekstis on juba alust rääkida rajasõltuvusest ning otsustaval silmapilgul paika pandud tegutsemisreeglite institutsionaliseerumisest. Mida tugevalt on hajutatud otsustusõigusega süsteem institutsionaliseerunud (nii halduspoliitika kujundamise ja elluviimise kui ka ressursside juhtimise mõttes), seda raskemaks on osutunud selle ümberkujundamine ja ühtlustamine.

Teiseks, analüüs näitab, et kogu Eesti haldussüsteem deinstitutionaliseerus 1990ndate aastate alguses. Seda ajajärku iseloomustas suur ebastabiilsus ja põhimõtteliste muutuste toimumine kõigis elusfäärides korraga. Selline keskkond tegi ratsionaalsete reformiplaanide kavandamise väga keeruliseks. Kuigi tajuti, et eelmiselt režiimilt saadud haldussüsteem ei sobi, ei olnud päris selge kuidas seda ümber kujundada ja see tuli välja mõelda tegutsemise käigus. Eestis pakkus tollases keerulises olukorras pidepunkte esimese Eesti Vabariigi kogemus ja iseseisvuse taastamise kontseptsioon. 1992. aasta Vabariigi Valitsuse seaduse eelnõu tutvustamisel Riigikogus kinnitati, et eelnõu ettevalmistamisel oli üheks aluseks Eesti Vabariigi „Valitsuse korraldamise seadus” 1938. aastast. Kuigi 1938. aasta seaduse kasutamisel olid ilmselgelt olulised piirangud, pakkus Teise maailmasõja eelsesse aega jääv valitsemiskogemus demokraatlikule süsteemile üleminekul siiski tuge.

Kolmandaks, analüüs ei näita olulist rahvusvaheliste organisatsioonide mõju haldussüsteemi põhialustele, pigem on see olnud piiratud konkreetsete poliitikavaldkondade ja valitsemisalade reformimisega. Samas, ELiga liitumise mõju haldusstruktuuri välja kujunemisele on ilmne. ELiga liitumise ettevalmistamise ajaks oli tugevate ministeeriumidega haldusorganisatsioon jõudnud Eestis juba institutsionaliseeruda ning seega jagati ka liitumisläbirääkimiste peatükid ministeeriumide vahel vastavalt nende vastutusaladele ja koordineerimisstruktuurid ehitati üles ministeeriumide omavahelisele koostööle. Lisaks iseloomustas ELi ennast sektoraalne lähenemine nii halduspoliitikatele kui kandidaatriikide haldussuutlikkuse tõstmise toetamisele ja hindamisele. Eelneva tulemusena tugevdas ELiga liitumise protsess veelgi ministeeriumide kompetentsi ja positsiooni Eesti haldusorganisatsioonis. Kuigi liitumine aitas väga oluliselt kaasa ka koordineerimiskultuuri tekkimisele, oli arengu domineerivaks jooneks siiski detsentraliseeritud süsteemi juurdumine ning selle tõhus taastootmine. Lisaks tõi Euroopa Liiduga liitumise periood Eesti haldussüsteemi ka ühe põhimõttelise tähtsusega muudatuse – vaadati üle senine arusaam regulatiivsete funktsioonide paiknemisest avaliku halduse struktuuris, kuna ELi nõuded, mis eeldasid

teatud regulatiivsetele funktsioonidele ministeeriumist eraldatud ja sõltumatut vormi, põrkusid Eesti senise haldustavaga, mis tähtsustas poliitiliste juhtide võimalust süsteemi kontrollida ja oli varasematel aastatel viinud ametite ja inspeksioonide kaotamiseni.

Neljandaks, Eesti haldusorganisatsiooni reforme iseloomustab neoliberaalse mõtteviisi domineerimine. Põhjusi selleks võib leida nii esimeste üleminekuaastate rahvusvahelisest keskkonnast, kus valitsesid neoliberaalsed arusaamad valitsemisprobleemidest ja neile sobilikest lahendustest, kui ka Eesti seest, kus need arusaamad leidsid juurdumiseks viljaka pinnase. Isamaaliidu ja Reformierakonna pikk staaž valitsuses, kombineerituna väikese üleminekuriigi ressursipiirangutega, on avaliku sektori reformide ideaaliks andnud „õhukese riigi” mudeli, mis kulutab võimalikult vähe ühiskondlikku ressursi. Samal ajal on Eesti haldusreformid olnud erinevad lääneriikide nn uue haldusjuhtimise (*New Public Management*) reformidest, mille keskseks märksõnaks on kujunenud „agentuuristumine” (*agencification*) – poliitika elluviimisele keskenduvate väiksemate (eelistatavalt monofunktsionaalsete) tulemusüksuste eraldamine suurtest integreeritud ministeeriumidest nende vastutuse suurendamiseks ja töötulemuste parandamiseks. Põhjusi selleks võib leida nii reformide algtingimuste erinevusest kui Eesti riigi väiksusest (II).

Riigi väiksus on oluline lisategur, mis käesolevast analüüsist ilmneb ning aitab paremini mõista Eesti haldussüsteemi arengut ja institutsionaliseerumist. Nagu väikeriikide teooria näitab (IV), iseloomustavad väikeste riikide haldusstruktuure teatud tunnused, mille hulgas üheks kõige nähtavamaks on spetsialiseerumisvõimaluste ja ressurside piiratusest tulenev kalduvus organisatsioonide ja ametikohtade multifunktsionaalsusele. Eesti puhul saab väita, et riigi väiksus on mõjutanud seda, milliseid reformistrateegiaid on poliitilis-administratiivne eliit näinud teostatavatena ning see on omakorda olnud filtriks ka rahvusvahelisele mõjule. Multifunktsionaalsete asutuste loomises on nähtud võimalust ressurside kokku hoidmiseks ning organisatsioonide jätkusuutlikkuse tagamiseks. Igal juhul on riigi väiksuse näol tegemist teguriga, mis väärib edasist tähelepanu ja empiirilist analüüsi.

Kokkuvõttes näitab käesolev väitekiri, et KIE avaliku halduse organisatsioonilise ülesehituse arengu analüüsimine transformatsiooni ehk teisenemisena annab võimaluse süveneda struktuurimuutuste täpsemasse olemusse ja põhjustesse ning pakub KIE postkommunistlikule arengule avarama vaate kui siirde ehk transitsiooni perspektiiv. Väitekirjas rakendatud nelja teoreetilise suuna kombinatsioon võimaldab analüüsida KIE haldusstruktuuride kujunemist üldise teoreetilise probleemina, mille lahkamine pakub uut teadmist nii riikide täidesaatva võimuharu struktuuride pikaajalise muutumise kui seda suunavate tegurite osas.

Väitekirjast ilmnevad ka mitmed võimalused edasiseks uurimistööks. (V) Esiteks pakub jätkuvat süvenemisvõimalust Eesti avaliku halduse organisatsiooniline ülesehitus ise, näiteks riigi osalusega sihtasutuste või avalik-õiguslike juriidiliste isikute kui spetsiifiliste organisatsioonitüüpide arengu analüüsimise osas. Teiseks on ruumi täiendavaks uurimistööks erinevate struktuurimuutusi suunavate tegurite täpse mõju mõistmisel. Väitekirjast tulevad välja mitmed tegurid, mis vajavad edasist akadeemilist tähelepanu, muuhulgas rahvusvaheliste organisatsioonide ja juhtimis-doktriinide mõju KIE reformidele, ülemaailmne finantskriis kui struktuurimuutuste põhjustaja ning riigi väiksus arengu suunajana. Eriti viimase osas on võimalused empiiriliseks analüüsiks suured, kuna väikeriikide teooria on süstemaatiliselt välja arendamata. Neljandaks on KIE riikide haldusstruktuuride arengu kaardistamise abil võimalik rohkem teada saada nii post-kommunistliku transformatsiooni ja riikide olemuse muutumise kohta demokraatiale ja turumajandusele üleminekul üldiselt kui ka edasi arendada kaardistamise meetodikat ennast. Viimaseks, tänu laiapõhjalistele muutustele ja kriitiliste avanemiste olulisusele võimaldab KIE struktuuriarengute analüüs edasi arendada institutsionaalset teooriat ja eriti selle ajaloolist suunda.

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PUBLICATIONS (Articles I-V)

Article I

Sarapuu, Külli. 2012. "Estonia." In K. Verhoest, S. van Thiel, G. Bouckaert and P. Lægreid (eds). *Government Agencies: Practices and Lessons from 30 Countries*. Houndmills, Basingstoke: Palgrave Macmillan, 277-287.

26

Estonia

Küllli Sarapuu

26.1 The agency landscape

Estonia is a small country with an area of 45,227 km² and a population of 1.34 million. Only three member states of the EU – Cyprus, Malta and Luxembourg – are smaller. In 2009, the Estonian public sector engaged 26.6 per cent of its employed workforce.¹ About half of its public-sector employees (51 per cent, 72,410 people) were working in its state institutions and the rest in 227 local governments (Rahandusministeerium 2010). The workforce of 11 Estonian ministries consisted of 2,448 employees (civil servants and support staff together). With the exception of the Ministry of Foreign Affairs, which constitutes one large unitary structure with its foreign representations, there were two hundred or fewer people working in most of the individual ministries. Executive-government institutions covered by the civil service employed just under 20,000 people.² These figures indicate that the small size of Estonia is also reflected in the size of its state structure.

A central trait of the Estonian administrative system is its reliance on ministerial responsibility. Although ministries are small, they are strong administrative actors with considerable leverage over the issues within their areas of governance. Other coordinating centres in the system (the Government Office and the Prime Minister's Office, the Ministry of Finance, the Minister of Regional Affairs) are equipped with restricted coordinating powers and, in addition, often constrained by limited resources. The role of the ministries is mostly confined to policy formulation while implementation of policies is carried out by various agencies under their supervision. In accordance with ministerial responsibility, all public organizations are more or less directly subordinated to specific ministries, and their communication with the cabinet goes through the parent departments.³ There are no agencies in the administrative system that report to the cabinet as a whole.

Agencies, however, play an important role in the Estonian state. They employ the vast majority of public-sector employees and spend most of the state budget. As Estonia is historically strongly rooted in continental-European legal thinking (with a considerable German influence), its public agencies are usually

also differentiated and categorized by their legal status. Four types of agencies can be identified – (1) government organizations, (2) state agencies, (3) public institutions, and (4) private-law bodies, with a central role for the state foundations. According to the categorization used in this book, the first two types of agencies are Type 1 (semi-autonomous bodies without legal independence), the public institutions are Type 2 (legally independent organizations with managerial autonomy) and the fourth type of Estonian agencies falls into Type 3 – private law-based not-for-profit organizations established on behalf of the government. See Table 26.1 for an overview.

26.1.1 Government organizations

Government organizations are agencies that are financed from the state budget, operate under the direct supervision of ministries, and do not have a legal identity of their own. Together with ministries, county governments and a few other organizations, they form the group of 'government institutions'. According to the Government of the Republic Act, their main function is to exercise executive power – to perform state supervision and to apply the state's power of enforcement. Most government organizations perform regulatory tasks, in the fields of economic and social regulation. A list of these agencies is provided in the aforementioned law, in which also two specific types of organizations are described – boards (*ametid*) and inspectorates (*inspektsioonid*). The latter are supposed to perform more limited tasks, concentrating on regulation and law enforcement, whereas boards can also have a role in policy elaboration.

Ministries with their subordinate government organizations form a well-defined core of public administration in Estonia that is critical from the perspective of policymaking and using the state's power of execution. Government organizations employ 14.4 per cent of the state's workforce. Their size varies considerably (from 17 to 1,800 officials, and an exceptional 7,000 on the Police and Border Guard Board). They are often much larger than their parent departments. Government organizations are the only type of agencies in Estonia covered by civil-service legislation. In other types of agencies, officials are employed under general-labour law as in the private sector.

26.1.2 State agencies

According to the Government of the Republic Act, these agencies (with the full name 'state agencies under supervision of government institutions') are financed from the state budget, but their main function is *not* to exercise public authority. These agencies are basically policy-implementation organizations that serve government institutions in the fields of culture, education, research and others. Except for eleven social-service units (mostly orphanages) that are supervised by the county governments, all state agencies report directly to the ministries. Although the scale of activities in this group is wide, there are some tasks that dominate; there are 33 museums, 69 educational institutions (secondary schools, vocational schools, institutions for pupils with disabilities), several research institutes and a number of agencies providing support services to the ministries

Table 26.1 Organization of Estonian public administration, 2010

Type of organization	Number ¹	Legal status	Employment Staff relationships (total) ²	List/examples
Ministries	11	No legal identity	2,448	Education and Research, Justice, Defence, the Environment, Culture, Economic Affairs and Communications, Agriculture, Finance, Internal Affairs, Social Affairs, Foreign Affairs
Government organizations (boards, inspectorates)	27	No legal identity	10,438	Defence Resources Agency, Data Protection Inspectorate, National Heritage Board, Consumer Protection Board, Civil Aviation Administration, Veterinary and Food Board, Police and Border Guard Board, Language Inspectorate
County governments	15	No legal identity	608	Harju, Hiiumaa, Ida-Virumaa, Jõgevamaa, Lääne, Lääne-Virumaa, Põlvamaa, Raplamaa, Saaremaa, Tartumaa, Valgamaa, Viljandimaa, Võrumaa
Other government institutions	9	No legal identity	6,406	State Chancellery, Estonian National Archives, Prosecutor's Office, Estonian Defence Forces, prisons (5 units)
State agencies	150	No legal identity	8,672	Estonian Children's Literature Centre, Rõpina Gardening School, Pärnumaa Centre for Vocational Education, Estonian Literary Museum, Agricultural Research Centre, Veterinary and Food Laboratory, Haapsalu Orphanage
Public institutions	21	Legal persons, public law	10,257	Health Insurance Fund, Unemployment Insurance Fund, Defence League, Auditing Board, Public Broadcasting, National Opera, National Library, Academy of Sciences, public universities (6)
Foundations	66	Legal persons, private law	9,547	Environmental Investment Center, Estonian Film Foundation, Estonian Science Foundation, Enterprise Estonia, North Estonia Medical Center, Russian Theatre

¹ Sources: Ministry of Finance; Register of State and Local Government Organizations, Ministry of Finance, <http://register.fin.ee/register/index.php>. (30 December 2010).

² Total number of employees 31 December 2009; in government institutions both civil servants and support staff are included.

Source: Rahandusministeerium 2010.

(IT, accounting). 12 per cent of the state's workforce was employed in state agencies in 2009 (Rahandusministeerium 2010). Although these agencies form a part of the state and do not possess a legal identity of their own, they are not covered by civil-service regulations (Type 1 agencies as defined in Chapter 2 of this book).

26.1.3 Public institutions

Public institutions are public-law organizations created by law (parliamentary decision) to serve public interests (Type 2 agencies). They are seldom treated as a group; issues related to their tasks, financing and functioning, are normally addressed on a case-by-case basis. Several institutions that have traditionally possessed considerable autonomy (public universities) or whose profession presumes the right to self-government (the Estonian Bar Association, the Estonian Chamber of Bailiffs and Trustees in Bankruptcy), belong to this category. Besides these, four public foundations managing the assets of a specific purpose (e.g. Health Insurance Fund, Unemployment Insurance Fund) also have the status of public institutions. Although the number of these bodies is not high, in 2009 they employed 14 per cent of the state's workforce (Rahandusministeerium 2010).

26.1.4 Private-law bodies

The state can establish or have shares in three types of private-law bodies (Type 3 agencies): enterprises, not-for-profit associations and foundations. The latter have an important role to play in the Estonian public administration and will be discussed further.

Foundations are not-for-profit entities whose purpose is 'to administer and use assets to achieve the objectives specified in their articles of association' (Foundations Act). Of the 66 foundations established by the state, 45 are operating under ministry supervision. Besides a few theatres and a couple of small research institutes and several medical institutions, there are a number of influential bodies in this group that the state uses to channel EU structural support to the Estonian economy, infrastructure, environment and higher education (Enterprise Estonia, Environmental Investment Centre, Foundation Archimedes). In 2008, they managed 668 million EUR in total assets.⁴ The foundations' share of employment amounted to 13.2 per cent of the state's workforce (in 2009; Rahandusministeerium 2010).

The four types of agencies described above – government organizations, state agencies, public institutions and foundations – are not evenly distributed between different policy areas and ministries. The most populous field of governance falls to the Estonian Ministry of Education and Research; the high number of state schools make up for more than one-third of all the agencies (91 all together). The second largest policy field in terms of agencification is culture, because of the high number of state agencies (mostly museums) and a considerable number of different foundations (60 agencies). At the same time, the Ministry of Culture is the smallest ministry (60 officials and 3 support staff in 2009).⁵ Together, the fields of education and culture oversee almost two-thirds of all Estonian agencies. In other

areas of governance, the number of agencies is considerably smaller. For example, the ministry that by itself spent 45 per cent of the whole Estonian state budget in 2010 – the ministry of Social Affairs – supervises 17 agencies. However, these include the asset-intensive Social Insurance Board and Health Insurance Fund. A similar number of agencies – 16 – operate in the field of economic affairs and communications. In other areas, the numbers are smaller. Nevertheless, with a few exceptions, in most policy fields, there are agencies from all four legal types.

26.2 History and drivers of agencification

Besides being a small state, Estonia has another defining character; it restored its independent statehood only 20 years ago. Therefore, the present agency landscape has been created in the last two decades. This development can be divided into three phases with distinct drivers and motives of change (see also Sarapuu 2010).

26.2.1 1990–1996: initial transformation⁶

Renewed independence and the abandonment of single-party communism in favour of democracy and a market economy led to a massive restructuring of the public administration. Structure-wise, the early reformers faced two central problems. First, the system inherited from the Soviet Republic was highly fragmented and consisted of a large number of executive organizations with no clear system of organization and subordination. Second, several core functions of the state needed to be built from scratch (foreign affairs, defence) or reorganized completely (economic affairs). Furthermore, the division of functions between the local, regional and state levels had to be decided again. The regional level ceased to exist as a tier of self-government, and several of its functions were given to the central-government agencies (see Sepp and Veemaa 2010 for a further discussion). With respect to the executive branch, there were very basic decisions to make: the optimal number and task portfolio of ministries and government organizations, and the relationships between them. At the beginning of the 1990s, ministries and government organizations were reorganized, mostly through mergers and different kinds of successions. This general reorganization was accompanied by attempts to bring various subordinate organizations under ministerial control.

By the time Estonia started to move towards membership of the EU (the application was submitted in November 1995), initial stability had been achieved and the basic ministry–agency structure was agreed on. That did not mean, however, the end of reforms. ‘Simplifying’ and ‘downsizing’ of the government machinery still stood high on the to-do list of the government and, above all, it was supposed to appear in the form of reducing the number of government organizations, as these were perceived to lead to a doubling of the number of centres of executive power (next to the ministries). With a new Government of the Republic Act, which came into force on 1 January 1996, the institutionalization of a decentralized-administrative system with strong ministries responsible

for specific areas of governance received formal approval. The first steps on this path of administrative development were already taken in the very first years of transition. This was evoked by the heritage of a highly centralized use of power in the Soviet system as well as the high uncertainty, enormous workload and intensive time pressure of the early transition. A decentralized problem-solving approach seemed the only working solution.

26.2.2 1996–2004: accession to the EU

Reforms of the Estonian public administration continued in the next phase of development. However, their content was more and more moulded by supranational pressure in the form of EU 'conditionality'. Estonia had to demonstrate its administrative capacity and ability to effectively apply the *acquis communautaire* before full membership would be obtained. The further the accession process advanced, the more specific became EU expectations and recommendations, peaking in the process of accession negotiations and the preparation of the framework documents for using structural funds. Structural reforms that took place in the whole administrative landscape were, however, not only influenced by the process of accession. For example, several state agencies performing support functions were born through a separation of these functions from the parent ministries. In that way, ministries hoped to gain more efficiency by escaping rigid civil-service rules on recruitment, appraisal and salaries. However, especially within two other groups of agencies – government organizations with regulatory functions and foundations responsible for policy implementation in the form of administering assets – the transformative influence of the EU is evident.

With regard to the government organizations, two traits are visible. First, the configuration of the agencies was considerably reorganized during the accession process (organizations were both established and terminated). And second, it brought a new approach towards the allocation of regulatory functions in the system (see Sarapuu 2010 for a more specific discussion). Independent regulatory agencies as such were an unknown form of public organization within the Estonian public administration at that time. Due to the EU pressure, the previous policy of terminating government organizations (especially boards, mostly through mergers with parent departments) was abolished and reversed in order to accommodate regulatory responsibilities in accordance with the EU rules. With regard to the state foundations, the category as it is known in 2011 was actually born in this period. 86 per cent of Estonian state foundations (57 out of 66) were created in the years 1997–2004. This can be partially linked to the enforcement of the Foundations Act in 1996 that brought with it a reorganization of several previously existing bodies. However, the role of the EU cannot be underestimated – its pressure for developing 'administrative capacity' to manage the structural support (both pre- and post-accession) and implementing the *acquis*, in Estonia, often was accommodated by creating an agency in the form of a foundation. It is no coincidence that 41 per cent of Estonian foundations (27 out of 66) were established in the years 2000–2003 (see also Suurna and Kattel 2010 for a more general CEE discussion).

26.2.3 2004–2010: economic wanderings

The third phase of development after accession to the EU can in some ways be seen as a new twist in the spiral of development that Estonia has arrived at with topics of administrative development similar to those of the first phase, but in a different context. It has again come to search for a proper executive structure that would function well, but would not cost too much for a small state. In the last few years of this phase, these pursuits have been influenced very much by the global-economic crisis that hit Estonia severely after the economic boom based on the influx of cheap foreign credit. In the years 2008–2010, seven complex mergers or complex reorganizations of government organizations have taken place, often also embracing functions previously in the state agencies, thereby leading to their disappearance. One more government organization has been absorbed by its parent ministry. The general trend has been towards the creation of multi-functional integrated administrations, hoping that such organizations are more 'sustainable', enable better coordination and cost less. Efficiency has been expected to come through optimizing support services previously provided separately in every organization as well as from eliminating overlap between agencies' responsibilities.

To sum up, the Estonian administrative organization has seen major changes during the whole 20-year period after regaining independence. The structures of the government administration in 1990 and 2010 are hardly comparable. Although the general development can be summarized as de-agencification and a trimming of the system, there has also been a period of agencification coinciding with accession to the EU. However, the post-accession period has seen the return of the efficiency discourse and disappearance of several previously established agencies. As the decentralized nature of the Estonian administrative system obtained further inducement from the sector-based nature of the EU-membership negotiations process, structural reforms have also been led by single ministries for their specific areas of governance.

26.3 Autonomy and control

There is a complex web of accountability and control mechanisms at work, the nature of which varies with regard to different agencies depending on their legal status, task and policy field. However, there are certain shared characteristics that can be brought out with regard to the four different types of agencies described above.

26.3.1 Government organizations

As the government organizations operate closest to the ministries, and this is the only group of agencies that is covered by the civil-service regulations, their management autonomy is restricted more than for other types of agencies. Over the years, the management of support functions (human resources, information technology, accounting) has become more centralized within the parent ministries. Underlying arguments for centralization arise from the efficiency discourse as

well as from the expectation that uniformity and standardization will contribute to organizations' performance.

The policy autonomy of government organizations is first of all determined by the legislation regulating their field of functioning. In some cases, there is a very high policy autonomy prescribed by law, especially for the economic regulators (Competition Board). When the Financial Supervision Authority was established in 2002 through the merger of three previously existing regulators, it was subordinated to the Bank of Estonia instead of the Ministry of Finance with the argument that its functions needed to be isolated from politics as much as possible. Due to the complexity of the issues handled by government organizations, their frequent monopoly of expert knowledge and limited resources of the ministries, the influence of agencies on policies can be very high.

From the ministries' point of view, most mechanisms for steering the performance of subordinate government organizations are managerial ones; the annual budget is negotiated for and determined by the parent ministry and strategic workplans are coordinated by the ministries as well as the management of support functions. The chief executive – director general – of the agencies is appointed by the minister following a nomination by the secretary general. However, most of the directors general are named to their positions indeterminately. The constraints on using this tool of control have brought a trend by which a five-year term of appointment of the chief executive has already been introduced in several government organizations and will probably develop into a general rule in the future.

26.3.2 State agencies

State agencies form a very mixed group, and there is no common management structure prescribed. The management autonomy of the state agencies can vary depending on their task; there is more independence for some (schools) and less for others who operate closer to the parent ministries. However, most of them function in a framework dominated by *ex-ante* control mechanisms, most notably the ministries' power to determine agency budgets.

State agencies can have high policy autonomy, which is first of all restricted by formal regulations. As the state agencies are mostly engaged in policy delivery without much use of executive power, the political interest in their functioning is generally low. As long as there are no scandals reported by the media or controversial reform plans initiated by the ministries themselves, state agencies can function far away from the political sphere.

26.3.3 Public institutions

In accordance with the diverse nature of this type of agencies, their steering and supervision varies considerably and is prescribed by individual case laws. However, this category includes organizations that have traditionally enjoyed both high management and policy autonomy. There is usually some form of board engaged in steering the bodies and setting their short-term goals and development aims. In the case of universities and self-governing professions, the board is usually

elected from among the members of the organizations. In the case of public institutions that administer public funds, the membership of the boards comes from a wider circle of ministry, parliament and societal actors. The principles of formation of those boards in combination with their functions have often been the most sensitive topic of legislation, especially regarding the issue of balancing the representatives of 'public interest' and professional knowledge.

26.3.4 Foundations

Foundations are the only type of agencies addressed in this chapter that have their basis in private law. Differently from the other agencies, they are treated as a distinctive group and annually reviewed by the Ministry of Finance, which is responsible for administering the state's assets. The management structure of foundations is prescribed in law; they have a supervisory board and a chief executive or a management board appointed by the supervisory board. Members of the supervisory board are supposed to act as a link between the foundations and their ministries. However, as several of the foundations are actively involved in pouring EU financial support into Estonian structural development, a constant direct communication also takes place between these foundations and their parent departments. The latter agencies also operate in a detailed *ex ante* control framework. However, at the same time, because of their possession of expert knowledge, their policy influence can be very high – they actually have the possibility of shaping the regulations directing their work.

Over the years, the Ministry of Finance has used its coordinating power, with varying success, to attempt to foster the steering of the foundations according to performance-management principles. Ministries are expected to define specific goals that the foundations have to pursue, evaluate their achievement on a yearly basis as well as give their opinion in every annual report on the necessity of the foundations to be continued. In some cases such a performance-management format fits well with the tasks of the agencies, in others less (theatres and hospitals).

To conclude the discussion, there are certain traits that characterize the control environment of Estonian agencies in general and apply to different categories.

- First, with the institutionalization of the Estonian state over the past 20 years, agencies and especially government organizations have gradually lost management autonomy and became more restricted in their policy autonomy. However, due to the concentration of expert knowledge in agencies and the resource constraints of the ministries, agencies can still have a considerable influence on policies and, through that, shape also their framework of functioning.
- Second, the general framework of control relies strongly on *ex ante* control mechanisms (regulations, work plans, budget) while, regardless of the investments made in developing the strategic planning, *ex post* control tools are often used as an *ad hoc* reaction to specific problems. This is probably the result of the limited resources that ministries can spend on control and steering.

- Third, the functioning of all agencies may be audited by the National Audit Office, which performs both financial and performance audits. This has in some cases contributed considerably to the discourse on their management (e.g. in the case of state participation in private law bodies; see Riigikontroll 2007).
- Fourth, characteristic of a small state with close social relationships, informal means of communication and coordination play an important role in the Estonian public administration. In some cases, this can work as a handy substitute for formal tools of control, while in others it may disturb the institutionalization of a more neutral control framework.

26.4 Recent debates and developments

Discussion on the recent debates and developments in the Estonian public administration brings us back to the institutionalization of the state over the 20-year period. Initial reliance on the decentralized settlement of transition problems has led to a segmented administrative system with strong ministries supervising their areas of governance regarding both policy and structure. Such a decentralized arrangement has shown both considerable strengths and weaknesses. Clear responsibility for certain policy fields has made it possible to find relatively quick solutions to problems within those fields. But the same strength has made it difficult to solve problems that engage several areas of governance as they defy clear accountability and may involve strong clashes between different agency ideologies.

Furthermore, the limited central coordination of structural development has resulted in heterogeneity of organizational solutions, often not comparable or compatible with each other. For example, one of the latest issues taken up by the Estonian National Audit Office (Riigikontroll 2010) addressed the regional representations of the government organizations, whose reform has been largely uncoordinated and has resulted in different definitions of the 'regions' (combinations of the counties) and region centres.

Coordination problems due to the segmented system of public administration have become more and more evident. There is a call for better horizontal integration of policy sectors and for a WG approach. However, there is little readiness among ministries to invest in horizontal coordination and to give away their functioning autonomy. For example, the initiatives of furthering cross-ministerial strategic-policy planning and creating more unity within the civil service have met with institutional resistance and have moved on only slowly.

Within policy sectors, the building-up of integrated administrations and coordination through hierarchy has been expected to solve the problems. The initial radical reorganization of the whole state in a short period of time moulded a politico-administrative culture that has taken structural reform as a normal part of everyday functioning and something that can be done quickly through

changing legislation. The habit of solving administrative problems with structural reorganizations in combination with the neo-liberal worldview strongly rooted in Estonian politics has also resulted in quick structural changes in times of economic crisis. The administrative developments of the last few years that have taken place within ministry areas of governance have been dominated by mergers of institutions, measures of standardization, optimization and centralization. The search for efficiency has been a defining character of the latest reforms.

Last but not least, the ability of small ministries to supervise agencies operating in their areas of governance has been questioned occasionally. Not surprisingly, it has come up most recently within the area of the Ministry of Culture – the smallest ministry with the second largest number of agencies to steer. It has also raised again the question of the politics-administration dichotomy in the practice of supervising the agencies as there is no uniform approach to the division of functions between ministers, secretaries general and vice-secretaries general in steering the agencies.

Notes

1. Statistics Estonia, www.stat.ee (11 January 2010).
2. Civil servants make up around 91 per cent of the workforce of the central-government institutions. The remaining nine per cent are technical-support staff employed under labour law (Rahandusministeerium 2010).
3. This also applies to the country governments that are subordinated to the Ministry of Internal Affairs.
4. It is significant that 76.8 per cent of the total assets were managed by the seven biggest foundations (Rahandusministeerium 2009).
5. A simple calculation results in one agency per official.
6. Independence was formally regained in August 1991. However, a major reform of administrative structure was already initiated at the end of 1989.

Article II

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Administrative Structure in Times of Changes: The Development of Estonian Ministries and Government Agencies 1990–2010

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The article addresses the change in administrative structure at the center of the Estonian government during the twenty years of post-communist development. The focus is on three issues of theoretical relevance—the rate of change in the core parts of public administration, the aspired retrenchment of administrative structures, and the combination of national and international forces behind structural change. In analyzing the factors behind Estonian administrative formation, the initial deinstitutionalization of the politico-administrative system appears to be a critical factor for understanding the direction and content of the reforms undertaken.

Keywords: institutionalization, downsizing, post-communist transition, small states, Estonia

INTRODUCTION

A large section of the recent international discussion on public administration is concerned with the change in administrative organization. The discussion has followed a variety of structural reforms pursued in states with different politico-administrative cultures and historical backgrounds (see Bouckaert et al., 2009; Pollitt & Bouckaert, 2011; Verhoest, van Thiel, Bouckaert, & Lægreid, 2011). Nevertheless, as the first article of this special issue demonstrates, the knowledge available on the longitudinal continuity and change of public organizations is still surprisingly limited (MacCarthaigh & Roness, 2012).

The article at hand aims to contribute to this body of knowledge by focusing on organizational change in the context of Central and Eastern European (CEE) post-communist transition to democracy. There are good reasons to take a closer look at structural developments in this part

of Europe.¹ The states of CEE with their all-embracing structural transformations may be regarded as real-life laboratories of institutionalization, deinstitutionalization, and reinstitutionalization processes. The radical change in political regime from communism to democracy was also accompanied by a significant adjustment in the institutional structures of the states. Nevertheless, the change in CEE administrative systems has been largely neglected in academic research thus far. Zubek and Goetz's (2010) overview of the key works on state institutions in CEE countries demonstrates the strong academic interest in the legislative and political institutions (parliaments, party systems, political executive, etc.) and the meager attention that has been paid to the administrative organization.

At the same time, the analysis of institutionalization processes within the CEE public sectors can contribute to the several key issues of longitudinal continuity and change in public organizations. First of all, there is the possibility to gain more information on what happens to the public organizations in the context of the major overhaul of existing political and economic systems—in which ways they persist and in which ways they change. Second, the shift from the planned economy to the market economy with its pressures to restructure and retrench the CEE public sectors offers the possibility to gain a better understanding of the termination of public organizations and the issues related to abolishing

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¹In the context of this article, Central and Eastern Europe is considered to cover the ten CEE countries that have joined the European Union.

parts of the administrative structure. Last but not least, the overwhelming changes that have taken place in CEE help to cast further light on the factors that determine organizational change and on how they combine in time to produce specific institutional solutions.

The case of Estonia, with its 20 years of transformation, offers a good ground for analyzing these issues. On the one hand, it is a country that, after regaining independence from the Soviet Union in 1991, needed to establish state structures corresponding to the demands of democracy and market economy. This gives us the possibility to gain further knowledge on the CEE post-communist administrative development and on the change in public-sector organizations more generally. On the other hand, the background of Estonia as a former member of the Soviet Union facilitates having a closer look at the issues that surround administrative change in the context of newly independent countries. This context has specific characteristics; for example, those related to the challenges of the initial phase of democratic transition. In addition, with its population of 1.34 million, Estonia is a small country, which permits inquiry about the potential impact of a state's size on the administrative structure and its development.

The goal of the article is to contribute to the knowledge on the longitudinal continuity and change of public-sector organizations by describing and analyzing the post-communist administrative restructuring in Estonia. The analysis is based on a research project that aimed to map the structural change at the center of the Estonian government from 1990 to 2010. The focus of the article is on two types of state organizations, namely, ministries (*ministerteiumid*) and their subordinate government agencies, which are composed of boards (*ametid*) and inspectorates (*inspektsioonid*). According to the classification by van Thiel (2012), the ministries can be grouped in category 0 (units of national government) and the government agencies in category 1 (semi-autonomous organizations without legal independence). According to the classification by Gill (2002), Estonian government agencies can also be categorized as "departmental agencies"—they do not have their own legal identity separate from the state, and they function under public law as subunits of the respective ministries. Ministries and government agencies form a well-defined center of the executive branch in Estonia—these are permanent units with full-time employees, listed in the Government of the Republic Act (1995) (GRA), covered by civil service regulations, and ascribed executive power by the law.² They play a central role in the policy-making and law enforcement processes and have functions related to the principal concerns of the state. Other types of agencies that function under the Estonian ministries not addressed in this

study are mostly occupied with policy implementation in the form of direct service delivery or providing support functions to the ministries and government agencies. They are not covered by civil service regulations and, as a rule, have a greater structural autonomy from the parent ministries.

In the following sections, the theoretical framework of the analysis is first provided. It draws on the historical institutionalism literature concerning the organizational structure of public administration and its change and CEE democratization. The second section presents the methodology of the study. In the third section, empirical findings from the Estonian case are introduced. The fourth part of the article discusses the findings of the case study. The focus is on three issues of theoretical relevance—the high rate of change in the core parts of Estonian public administration, the aspired retrenchment of the administrative structure and its implications, and the combination of national and international forces behind the changes.

THEORETICAL FRAMEWORK

The end of the 1980s and the early 1990s were a "critical juncture" (Thelen, 1999, 387) for the Central and Eastern European countries—a founding moment in time that had the potential to send countries along different developmental paths. A fundamental change was possible, and the bases of new political and economic systems were laid down (Armingeon & Careja, 2008). Several authors have emphasized the magnitude and complicatedness of the changes that the CEE countries had to undertake in their transition to democracy (see, e.g., Agh, 2001, 238; Hesse, 1997; Schmitter & Santiso, 1998, 70). For instance, Offe (1991, p. 871) conceptualized the CEE transition as "a triple transformation" with a need to revise the most fundamental structures of statehood—to go through the basic issues of nationhood like territory and people, to undertake the making of a new constitution, and to advance to determining the "normal politics of allocation." Particularly in the initial phase of transition, a number of extraordinarily complicated and time-consuming tasks had to be implemented simultaneously in different spheres of life.

Such overwhelming changes were possible because of a massive deinstitutionalization of political and economic spheres caused by the demise of the communist regimes (Zubek & Goetz, 2010). According to Olsen (2009, 10–11), deinstitutionalization implies that "existing institutional borders, identities, rules and practices as well as shared conceptions of legitimate resources and powers are becoming contested and possibly discontinued." That is what happened with the collapse of the communist systems. The rate of deinstitutionalization was especially high in the so-called newly independent states—for example, in the Baltic States, which had formerly been parts of the Soviet Union (Randma-Liiv, Nakrošis, & Hajnal, 2011). In these countries, the question

²The inspectorates are supposed to be more limited in their tasks, concentrating on the surveillance and law enforcement, whereas boards can also have a role in policy making (a "steering function" according to the GRA).

was not so much about reforming the state structures but about building them up, because the administrative organizations inherited from the socialist predecessors were both inadequate and inappropriate.

The above-mentioned deinstitutionalization made it possible to shift to new values, identities, and paths of development. The countries had to reinstitutionalize their politico-administrative systems—to move to new orders with different normative and organizational principles (Olsen, 2009). Because politico-administrative development has a strong inclination toward path dependency (Pierson, 2000), the decisions made at the end of the 1980s and the beginning of the 1990s can be expected to be momentous for the development of the CEE administrative systems—the choices of the initial phase of transition can be anticipated to have an influence that spans over the next decades.

A crucial question is, what factors combined during this critical juncture, and also later, to produce specific institutional solutions? In general, there are three types of factors that help to explain the specific trajectories of administrative change: first, the conscious strategies of political leaders; second, the administrative culture and its understanding of the appropriate course of development (alias historical-cultural context); and third, environmental pressures, deriving both from international and national contexts (see Christensen, Lægread, Roness, & Røvik, 2007; Peters, 1992). Changes in the structure of the public sector can be expected to be born in a complex interplay between these three types of factors (Christensen et al., 2007). At different points in time, they are expected to have different weights and combinations.

With regard to the post-communist administrative transformation in CEE, three general phases of development appear with their distinctive contents and drivers of change (Sarapuu, 2011). First, the initial phase of democratic transition at the end of the 1980s, and the beginning of the 1990s was characterized by a radical break with the old legal, political, social, and economic orders and the early formation of new structures. The post-communist structural reorganization started at a time in history when the international environment was dominated by neoliberal definitions of problems and solutions for democratic governing. Though the impact of international financial institutions (IFIs; e.g., International Monetary Fund, World Bank, European Bank for Reconstruction and Development) and their agendas has been clearly recognized in the case of economic policies of the young CEE democracies (see, e.g., Bruszt, 2002), it has been more difficult to estimate the effect of IFIs and other international actors on the development of public administrations. On the one hand, the external influence on the CEE democratization has appeared in several different forms (e.g., consultancy, development aid, or conditions for financial support) and, on the other hand, its impact has been dependent on the domestic political preferences and configurations (Zaborowski, 2005).

Therefore, it is generally concluded that the administrative changes in the first phase of transition can be expected to be driven most of all by the strategies of political elites with a central aim to overcome the legacy of the previous system (Hesse, 1997; Nemeč, 2009). In terms of public-sector structure, the communist system left behind an institutionally fragmented administration with large numbers of ministries, central agencies, and specialized units (Beblavý, 2002; Goetz & Wollmann, 2001). At the same time, these organizations were not part of a centralized, horizontally and vertically well-integrated hierarchy, as is often presumed, but of an amorphous system that endured thanks to accommodating both the Communist Party's organizational and its members' and administrators' individual interests (Beblavý, 2002). There was no effective separation of powers, and the executive branch was characterized by considerable rule-making capacities (Hesse, 1997). The dividing lines between public and private spheres as well as between political and economic spheres were blurred (Hesse, 1997). Altogether, the first phase of transition revolved around the combination of the communist legacy, domestic political opportunity structures, and international influence.

Second, with their request to join the European Union (EU) in the middle of the 1990s, the CEE countries entered into a new period of development, characterized by increasing adaptational pressures from the EU. The pursuit of the EU membership is usually bound to the notion of *conditionality* (see, e.g., Sedelmeier, 2008). Conditionality reflects the presumption that, different from the previous enlargements, the CEE candidate states had to demonstrate administrative capacity and the ability to effectively apply the *acquis communautaire* before accordance of full membership. Conditionality allowed a considerable intervention of the EU in the administrative development of the candidate states (Grabbe, 2003). Nevertheless, this intervention was not related to a concrete model or template, and the influence of the EU on the development of candidates' governance patterns was limited by its own diffusion, partly due to the diversity of its existent member states (Grabbe, 2003). Therefore, there was again considerable room for domestic factors to modify and translate the influence.

Third, with joining the EU (mostly in 2004), the Union's adaptive pressures receded, and the CEE states entered the postaccession phase of development. Structural changes in this time can be expected to arise from a complex interplay between political strategies, historical-cultural convictions, and environmental pressures, with none of them having a specific CEE-related character anymore. Nevertheless, with the global financial crisis and its intensive pressure on governments emerging as a defining feature of the period (see, e.g., Peters, Pierre, & Randma-Liiv, 2011), there were still some shared drivers of change characteristic of this phase of development, as well.

Altogether, these three periods had a considerable influence on the public-sector organizations, and substantial

changes can be expected. One of the intriguing issues that comes up in this context is the outcome of the CEE states' intention to decrease the size of their public sectors inherited from the communist predecessors (Nemec, 2009). Both restructuring and retrenchment should lead to a high number of organizations being ended. However, it is not clear to what extent states really are able to abolish parts of their administrative structure (Adam, Bauer, Knill, & Studinger, 2007). Drechsler (2003) argued that despite the rhetoric, no significant downsizing happened in the CEE countries.

Drawing on Adam et al. (2007), there are two dimensions that help to analyze the probability of organizational termination—the “external political motivation” in terms of political incentives and, on the other hand, the “organizational stickiness” or the barriers to organizational deconstruction (Adam et al., 2007, 229–232). The environment of the CEE public sectors can be characterized as intensely hostile toward organizations and their longevity, especially during the initial phase of transition. First of all, there were considerable political incentives for termination—political turnover was high, the legitimacy of the previous systems questioned, and budgetary constraints serious. Second, there were also factors that lowered the organizational barriers to their deconstruction—like the specialized/single-purpose character of the communist administrative organizations or their small size.

The effect of the latter attribute may be amplified further by the size of the states in general. Many of the CEE countries can be characterized as small states (in terms of the size of their populations). It has been demonstrated that small states, due to the inherent constraints on resources, show special traits in their public administrations, among them the trend toward multifunctionality of organizations and positions (see Sarapuu, 2010; also Baker, 1992; Randma-Liiv, 2002). A grouping of functions gives them an advantage of scale—allowing internal access to a wider range of skills and permitting a more efficient use of scarce resources (Bray, 1991). Therefore, in the context of small post-communist states, the specialized nature of the public-sector organizations can be expected to be an even more significant liability and to lead to organizational terminations. Nevertheless, there is little systematic knowledge on what actually happened to the public-sector organizations in those countries. The issues raised above are explored further in the context of Estonian public administration and its structural change.

METHODOLOGY

The empirical analysis is based on a research project that sought to provide an overview of the Estonian administrative development by mapping all events whereby full organizations were established, terminated, or reorganized at the center of the government from 1990 to 2010. The focus was on ministries and their subordinate government agencies.

The regional structures of the agencies were deemed to be parts of the organizations and were not counted separately.

Because the group of organizations analyzed has been defined in the GRA since 1995 and every change has demanded a legal initiative, it was possible to track its reforms by analyzing various documents where the facts and contents of the changes were preserved. More than 150 public documents, among them legal acts, coalition agreements, legislative initiatives, and their accompanying notes and records of discussion in the Parliament (*Riigikogu*), were analyzed. All used documents were retrieved from the electronic databases of the Parliament, the electronic database of the *State Gazette (Riigi Teataja)*, printed issues of earlier *State Gazettes* (not available electronically), the archive of *Riigikogu*, and other sources.

Three questions were asked when analyzing the relevant documents:

1. What kind of change event happened?
2. What was its exact content, and how did it affect the division of functions within the administrative structure?
3. What was the rationale of the change (as presented in the documents)?

Coding of the change events was based on the system used for coding changes in the Norwegian State Administration Database (NSA; see MacCarthaigh & Roness, 2012; also Rolland & Roness, 2011) and carried out by the author. The events were coded with regard to their impact on the individual organizations (question 1) as well as on the administrative structure as a whole (question 2). With regard to the individual organizations, seven different types of events were detected though there were more types of events in the original codebook. With regard to the administrative structure, the changes were coded with regard to their impact on the functional specialization of the government structure. The latter can be characterized along vertical and horizontal dimensions (see MacCarthaigh & Roness, 2012; also Christensen et al., 2007; Læg Reid, Rolland, Roness, & Ågotnes, 2010; Rolland & Roness, 2011); that is, the focus was on the division of functions between ministries and their subordinate agencies. Last but not least, all information provided on the reasons of the change was gathered (question 3).

In terms of the timeframe, the original intention of the mapping exercise was to cover structural changes since regaining independence in 1991, because Estonia was then free to reform its administrative and political structures.³ However, the mapping exercise identified that a first comprehensive reform of the administrative system and organizational categories was already carried out in 1990. It was initiated with the December 1989 Act on the Government

³Lieven (1993, 100) has even termed it a “Year Zero” for the three Baltic States.

of the Soviet Republic of Estonia (SRE), which provided for a new ministry–agency structure and the abolition of previous Soviet “labels” of organizations. The basic structure and the labels that were then assigned to different types of government organizations (*ministeerium, amet, inspeksioon*) have persisted. Therefore, it was decided to map the structural changes in the two decades from January 1, 1990, to January 1, 2010. On January 1, 2010, several reorganizations prepared during the previous years came into force, and these were also covered in the study.

In carrying out the mapping exercise, several constraints appeared. The most important of these was related to the fact that the configuration of ministries and their subordinate government agencies was exhaustively fixed for the first time at the end of 1995 with the adoption of the GRA. It established a positive basis for mapping between then and 2010. However, gaining a thorough overview of change events prior to 1995 was more problematic. Although the majority of the facts of earlier change events were probably found, due to the complexity and speed of the changes that took place at that time, accompanied by poor documentation, their exact content and rationale were often unclear, which therefore inhibited detailed coding. Consequently, in the empirical part of this article, the results of the mapping are covered in two temporal sections—from 1990 to 1995 and from 1996 to 2010. The first of these is more general, presenting an overview of administrative changes during initial transition while the second focuses more specifically on change events and the picture that they convey.

CHANGE OF ADMINISTRATIVE STRUCTURE IN ESTONIA

Initial Transition From 1990 to 1995

A seminal legislative change on the administrative structure was made before Estonia regained its actual independence. With the December 1989 Act on the Government of SRE, a new ministry–agency structure was created as one of the steps taken toward increased self-determination within the Soviet Union. The law stated that there were to be 17 ministries, a state chancellery, and state boards and inspectorates under the steering of the government (Act of SRE Supreme Council, 1989). To arrive at such a structure, in the first half of 1990, two existing ministries (the Ministry of Housing and Communal Affairs and the Ministry of Cereal Products) were abolished, and ten ministries were established based on the previously existing state committees (e.g., the State Committee for Planning was reorganized into the Ministry of Economic Affairs; Edict of the Presidium, 1989). One month after the adoption of the Act, in January 1990, a number of boards and inspectorates were established by renaming various existing executive units and giving them the status of state agencies.

Estonia formally regained its right of self-determination on August 20, 1991. In less than a year, a new constitution was drafted and adopted in a referendum on June 28, 1992. The constitution defined the most important organs of the state and the basis of their functioning. With regard to the administrative branch, it determined that the executive power of the state was vested in the government, which was comprised of the prime minister and the ministers. Corresponding ministries had to be established, pursuant to the law, for the administration of the areas of government (Constitution, 1992, § 94). The first democratic elections to the Parliament Riigikogu took place in September 1992.

With the adoption of the constitution, principles for the structure and functioning of the state had been determined. Yet, in practice, there was no structure corresponding to these principles and there had been too little time to work out the necessary legislation for enforcing the new constitutional framework. As a consequence, in the Fall of 1992, the fresh legislators faced a major challenge. On the one hand, there was the temptation to continue with the existing administrative structure and the legislative framework inherited from the SRE in order to win time for analyzing what kind of organizational structure was exactly needed. On the other hand, there was the need to adopt a new GRA to allow the coalition government to start functioning in accordance with the democratic constitution (Riigikogu, 1992a, 1992b, 1992c, 1992d). In order to solve the legal vacuum, Riigikogu adopted the GRA hastily on October 20, 1992, one day after the inauguration of the new government coalition. The Act determined the main principles of working for the government and provided the list of ministries that were to be created. According to the Act, the structure of the executive had to be harmonized with it by March 1, 1993; that is, within four months. The division of government into ministries and boards and inspectorates followed the line taken in 1989.

According to the 1992 coalition agreement, the main task with respect to government reform was to diminish the large number of ministries, to bring various subordinate organizations under ministries’ control, and to cut the public sector by one third. The main structural problem was seen to lie in the issue of the incompatibility of, on the one hand, the existing institutional structure (eighteen ministries, strong autonomous central agencies, and an ambiguous number of executive organizations with no clear system of organization and subordination) and, on the other, the desired structure with fewer ministries, all agencies under a certain ministry’s supervision, and political steering of the system. Downsizing the executive structure was expected to lead to savings on the costs of governing “between 3% and 30%” (Riigikogu, 1992b). However, no detailed calculations were made (Riigikogu, 1992b). Some of the functions had to be established from scratch (e.g., at the beginning of 1990, there were only twelve people working at the Ministry of Foreign

Affairs [Välisministeerium, 2002]; the Ministry of Defence was established in 1992).

Active structural reform took place in 1993–1994. Several ministries were merged into new ones (e.g., the ministries of Industry and Energetics, Trade, and Construction were merged into the Ministry of Economic Affairs). Restructuring also took place at the level of boards and inspectorates. At least 10 new boards were formed (e.g., the Competition Board, the Agency of Medicines, the Consumer Protection Board). Most of the boards were established on the basis of existing units that fulfilled respective or similar functions, usually through mergers. In some cases, the basis of the new organization was very diverse. For example, to establish the State Heritage Board, subunits of two different ministries, of one state company, of Tallinn City Government and a few positions from the Ministry of Culture and Education were merged into a new organization.

By 1995, the first big wave of structural reshuffling was over. However, the negotiations on the future developments of the structure continued in the framework of preparing the new GRA. One of the main issues of discussion was the reorganization (i.e., reduction in number) of government agencies and the general system of state institutions. The results of the discussions were reported in the explanatory note of the draft Act:

Big changes have been made with regard to simplifying and downsizing the government machinery. As the first draft foresaw 37 boards and 8 inspectorates in the ministries areas of governance, the present revised draft lists 24 boards and 10 inspectorates. (1995, p. 2)

It was also decided to merge three ministries (Health Care, Social Insurance, and Labor) into one (Ministry of Social Affairs). The Government of the Republic Act (1995) (which remained in force in 2011) came into force on January 1, 1996.

In sum, the beginning of the 1990s can be characterized as a critical juncture that created the basis for new institutional solutions. The events that took place indicate that the whole Estonian politico-administrative system was deinstitutionalized and needed to find new identities, rules, and practices of functioning. The initial decisions on the principles of the new governance system were made under serious time pressure and a heavy workload. Many government agencies were born with the adoption of sectoral regulations—in the first years of transition, when practically every policy field needed new legislation, regulative change and institutional reform often went hand-in-hand.⁴ Such an environment created possibilities for considerable organizational transformation as well as for choosing new paths of development.

⁴This was also reflected in the high proportion of full-text laws adopted in the Parliament Riigikogu (42.5% in the period 1992–1995; Pettai & Madise, 2006).

Development From 1996 to 2010

The adoption of the 1995 GRA was another significant step in the institutionalization of the Estonian administrative system. It further developed the system adopted in 1992 but provided much more detailed regulations on the buildup and steering of the executive branch. As an important principle, it was decided that the organizations with executive power (ministries and their subordinate government agencies) must be listed in the Act in the interest of stability. This made their creation and abolition much more difficult and gave Parliament the power to decide.

As can be seen from Table 1, institutional reforms also continued in the second half of the 1990s and 2000s. Of the forty government agencies listed in the 1995 GRA at the time of its adoption, only eleven still existed in 2010 with the same name and affiliation; four more had only changed affiliation. As opposed to the twenty-seven boards and thirteen inspectorates listed in the 1995 Act, there were twenty-four boards and four inspectorates in 2010. Of the twenty-four boards, however, eleven had been established in the interim years. The population of inspectorates saw even bigger changes—only two of the thirteen inspectorates foreseen in 1995 were still in existence in 2010. Although the structure of the ministries remained largely the same, a merger of two ministries (Economic Affairs and Roads and Communications) had taken place, and one ministry had changed its name (“Research” was added to the Ministry of Education).

It can be concluded that the structure of the center of government was far from stable during the fourteen years following the adoption of the 1995 Act. As a result of the mapping exercise, forty change events were found that concerned the ministry–agency structure; that is, by means of these events, full government agencies or ministries were established, ended, or reorganized (see Table 1). Of these forty events, three were related to the ministries (one merger, one change of name, and one change of geographical location⁵) and thirty-seven primarily concerned government agencies. With regard to the timing, the change events were distributed rather evenly over the fourteen-year period, with the most active years being 1997 (seven events), 2000–2002 (four to six events per year), and 2009–2010 (three events per year, all complex mergers).

Table 2 shows that the events modified both the vertical and the horizontal dimensions of the government structure. First, there was an almost balanced record of moving functions out from the ministries to the government agencies and from the agencies to the ministries. There is no reason to speak of strong vertical specialization or despecialization during that period. Nevertheless, though ministries gave away mostly single functions, in four cases

⁵In 2001, the Ministry of Education was relocated to the second biggest town of Estonia, Tartu, 185 km from the capital, Tallinn.

TABLE 1
Change Events at the Center of the Estonian Government 1996–2010

<i>Change Event</i>	<i>Cases</i>	<i>Exact Contents</i>	<i>Impact on the Specialization of the Administrative Structure</i>	<i>Timings</i>
Founding by secession—new agency established based on an existing agency or agencies	11	Change of form from a “board” to an “inspectorate”: 4 cases	Vertical despecialization (4)	1997/1997/1997/2004
		Change of form from an “inspectorate” to a “board”: 2 cases	Vertical specialization (2)	2000/2002
		New board established based on an existing inspectorate: 1 case	Vertical specialization (1)	1998
		New agency established by complex merger that involves one existing agency and units outside the center of government: 1 case	No impact on the division of functions in the center; vertical despecialization of the public administration as a whole (1)	2010
		Agency established by complex merger that involves one existing agency and units outside the center of government: 1 case	No impact on the division of functions in the center; vertical despecialization of the public administration as a whole (1)	2009
		New agency established by complex merger that involves three existing agencies and a unit outside the center: 1 case	Horizontal despecialization; vertical despecialization of public administration as a whole (1)	2010
		New agency established by complex merger that involves three existing agencies and other central government institutions: 1 case	Horizontal despecialization (1)	2010
Founding—new agency established with no existing government agency involved in the event	9	New agency established: 1 case	Horizontal specialization (1)	1998
		New agency established based on a unit from the parent ministry: 1 case	Vertical specialization and horizontal specialization (1)	1999
		New agency established, receives few functions from the parent ministry: 3 cases	Vertical specialization and horizontal specialization (3)	1999/2001/2002
		Agency reestablished by reseparating functions from the parent ministry: 1 case	Vertical specialization and horizontal specialization (1)	1999
		New agency established based on functions or units previously outside the center of government: 2 cases	Horizontal specialization (2)	2001/2005
		New agency established by complex reorganization that involves units and functions of the parent ministry and units or functions outside the center of government: 1 case	Vertical specialization and horizontal specialization (1)	2009
Ending—abolishment of an agency without new government agency being born	7	Agency ended, functions out from the center of government: 1 case	Horizontal despecialization (1)	2000
		Agency ended, majority of the functions integrated to the parent ministry, some functions out from the center of government: 1 case	Vertical despecialization and horizontal despecialization (1)	2000
		Agency ended, majority of the functions out from the center of government, some functions to the parent ministry: 2 cases	Horizontal despecialization and vertical despecialization (2)	2001/2009
		Agency ended by integration to the parent ministry: 3 cases	Vertical despecialization (3)	1997/1997/2000
Merger—merger of two or more existing government agencies	7	Merger of two agencies: 3 cases	Horizontal despecialization (3)	2000/2003/2004
		Merger of three agencies into one: 2 cases	Horizontal despecialization (2)	1997/2002
		Merger of five agencies into two agencies: 1 case	Horizontal despecialization (1)	2008
		Merger of two ministries: 1 case	Horizontal despecialization (1)	2002
Change of affiliation—change of the parent ministry	3	Existing agency moved to the subordination of another ministry: 3 cases	No impact (3)	2002/2002/2007
Change of name	2	Change of name: 2 cases	No impact (2)	1997/2003
Change of location	1	Change of location: 1 case	No impact (1)	2001

TABLE 2
Estonian Ministries With Their Boards and Inspectorates 1 January 1996 and 1 January 2010

Ministries	Boards			Inspectorates
	2010	1996	2010	
1996				2010
Ministry of Education	Ministry of Education and Research	Language Board		Language Inspectorate
Ministry of Justice	Ministry of Justice	Prison Administration		
Ministry of Defence	Ministry of Defence		Information Board Defence Resources Agency Land Board Environmental Board	Environmental Inspectorate Maritime Inspectorate
Ministry of the Environment	Ministry of the Environment	Land Board Fish Board Forest Board	National Heritage Board Patent Office	Technical Surveillance Inspectorate
Ministry of Culture	Ministry of Culture	National Heritage Board	Consumer Protection Board Competition Board	
Ministry of Economic Affairs	Ministry of Economic Affairs and Communications	Consumer Protection Board Public Procurement Office Standard Board Tourism Board	Civil Aviation Administration Road Administration Maritime Administration	Telecommunications Inspectorate Technical Surveillance Authority
Ministry of Roads and Communications		Civil Aviation Administration Road Administration Maritime Administration		
Ministry of Agriculture	Ministry of Agriculture	Veterinary Board	Veterinary and Food Board Agricultural Registers and Information Board Agricultural Board	Seed and Genus Experiment Inspectorate Plant Protection Inspectorate Plant Quarantine Inspectorate Breeding Inspectorate Insurance Inspectorate Securities Inspectorate Public Procurement Office
Ministry of Finance	Ministry of Finance	Tax Board Customs Board Statistical Office Competition Board	Tax and Customs Board Statistical Office	
Ministry of Internal Affairs	Ministry of Internal Affairs	Security Police Board Border Guard Administration Police Board Rescue Board Citizenship and Migration Board	Security Police Board Police and Border Guard Board Rescue Board	
Ministry of Social Affairs	Ministry of Social Affairs	Agency of Medicines Social Insurance Board Labor Board	Agency of Medicines Social Insurance Board Health Board	Labor Inspectorate Health Protection Inspectorate Food Inspectorate
Ministry of Foreign Affairs				

they absorbed full agencies.⁶ On the horizontal dimension, events both increasing and decreasing specialization took place. However, the trend was clearly toward decreasing specialization. The number of ministries fell from twelve to eleven. The number of boards and inspectorates decreased by twelve (forty in 1996 compared to twenty-eight in 2010). Although nine new agencies were established, at the same time seven were discontinued and twenty-five participated in different kinds of mergers (ten events coded as mergers or as foundings by secession). There was no case of an existing agency being split up into new agencies. On the horizontal dimension, considerable despecialization took place since 1996.

Compared to the period from 1990 to 1995, the focus of the reforms changed over the years. The first years of transition saw active reshuffling on the level of both the ministries and the agencies, and the proper division of roles between the two layers was at the very center of the discussions. In the later years, the focus shifted more to the level of agencies. When the division of policy fields into specific ministries with their areas of governance became more or less institutionalized (no changes on the level of ministries since the end of 2002), the focus moved to the structures for policy implementation.

DISCUSSION

There are several details with regard to the Estonian case that are relevant from the perspective of understanding the continuity and change of public-sector organizations. These concern the rate of change in the core parts of public administration, termination of administrative organizations, and the factors that induce organizational change.

First of all, there has been a great deal of change among the organizations chosen for the case study. The study focused on ministries and agencies that form the center of government in Estonia—that is, these are the organizations that represent the core functions of a state and therefore could be expected to be relatively more stable (Boin, Kuipers, & Steenbergen, 2010; Peters & Hogwood, 1988). Nevertheless, the pace of reforms has been significant in Estonia. There were only a handful of ministries and agencies that existed with the same name in 1990 and in 2010. The rate of change has been remarkable also considering the fact that amending the GRA requires absolute parliamentary majority in Estonia (Constitution, 1992, § 104), therefore making the structural rearrangements much more demanding in terms of political will. Consequently, it can be concluded that in the context of an overwhelming transformation (for example, during political and economic transition), the rate of

organizational change is high, extends to the underlying logic of administrative systems and, in the initial phases, does not exclude organizations that in the later phases of development can be expected to become more immune to the rearrangements (e.g., ministries in the Estonian case). As proposed by Randma-Liiv et al. (2011), in the case of newly independent CEE countries, the deinstitutionalization and breaking of previous paths of development seems to be especially intense.

Second, the general trend of development has been toward de-agencification; that is, declining numbers of government agencies. This has happened against the background of downsizing rhetoric, which has been “remarkably strong” in Estonia (Drechsler, 2003, 37). Whereas all of the CEE states expressed some intention to decrease the overall size of their post-communist public sectors, Estonia has been characterized as the most radical in this respect (Nemec, 2009). The information gathered in the framework of the mapping exercise did not indicate whether the center of the Estonian government was really retrenched or simply restructured. However, a glance at employment and civil service statistics seems to confirm the preceding arguments against extensive downsizing. Both the rate of public-sector employment and the number of civil servants employed by the ministries and their subordinate government agencies have not changed on a large scale since 1997.

First of all, the rate of public-sector employment indeed fell considerably in the years 1990–1997—from 74.3% of total employment to 31.9% of total employment, altogether by 42.4% (6% a year on average) (Statistics Estonia, 2011). This can be related to the transition from planned to market economy and the general restructuring of the economic sphere.⁷ Since 1998, the rate of public-sector employment has ranged from 31.1% (1998) to 23.7% (2008), depending on the level of general employment and modifications in the statistical basis (27.6% in 2010; see Figure 1) (Statistics Estonia, 2011). Second, the statistics on the civil service are only available for the years since 1997 and indicate that the number of civil servants employed at the center of government (i.e., in the ministries and their subordinate government agencies), though fluctuating a bit in the interim years, was largely the same in 1997 and 2010 (18,381 vs. 18,523) although the number of the organizations employing them decreased considerably during the same period (Estonian Public Service, 2011).⁸ These figures lend support to the argument that despite strong rhetoric, it has mostly been restructuring that has happened at the center of Estonian

⁶The change of form from a “board” to an “inspectorate” was coded as a vertical despecialization because it entailed the movement of functions from the agencies to their parent ministries.

⁷It is estimated that there were 10,000 small and approximately 500 medium to large state-owned enterprises in Estonia in the Fall of 1991 (Gillies, Leimann, & Peterson, 2002). The most active years of privatization were 1993–1997. By the end of 1997, 472 medium- to large-scale privatizations had taken place (Gillies et al., 2002).

⁸Because of the inconsistency of civil service statistics over the years, the number of civil servants also includes people employed in a few other agencies not covered in this study.

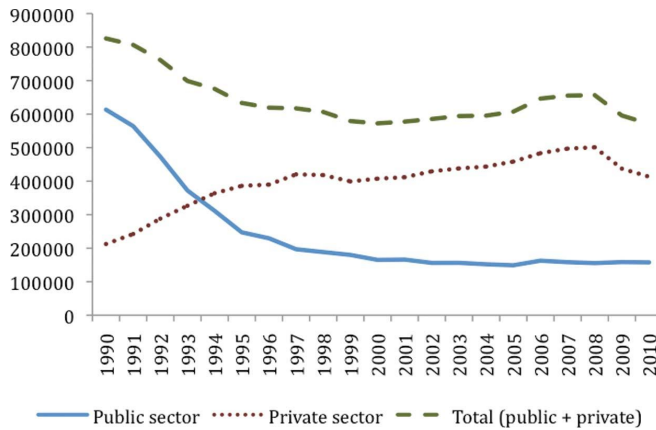


FIGURE 1 Change in employment in Estonia by sector 1990–2010 (color figure available online).

Note. Based on data from Statistics Estonia (2011).

government and not so much downsizing. From the perspective of the continuity and change of public organizations in general, there are two kinds of implications. First, it appears to be difficult to abolish parts of administrative structure even in an environment that is receptive to large-scale reorganizations and retrenchment. Second, these findings cohere with Peters and Hogwood (1988), who found that departmental agencies do change as often as other organizations; however, their change is mostly related to reorganization and not so much to pure termination.

The issues above direct attention to the third crucial topic—the factors behind organizational changes. In the context of the CEE post-communist transformation, it is the relationship of national and international factors that appears to be the most intriguing issue. On the one hand, a considerable influence of IFIs, EU, and international management doctrines that can be assembled under the label new public management (NPM) is predicted. On the other hand, the mediating role of the domestic environment and the political power relations is emphasized. Consequently, it is the interplay of external and internal factors that must be at the very center of the analysis of the CEE administrative change.

Estonia, with its young national-conservative political elite, was among the best pupils in class to adopt the neoliberal worldview promoted by the international financial institutions. Its reign has been supported by the political structure with two main parties carrying the worldview—Pro Patria Union and the Reform Party—firmly institutionalized in the political landscape and with a considerable record of being in power.⁹ Drechsler (2000, 269) found that the

“somewhat extreme libertarianism” to be found in Estonia is an “unsurprising reaction against the Soviet past and finds resonance in Estonian’s predisposition to individualism and to a historical distrust of the state.” This dominating neoliberal worldview has had a strong influence on the way the state and its development have been perceived. However, the structural reforms carried out at the center of the Estonian government have been different from the NPM-type structural reforms in the Western democracies characterized as agencification—breaking up rigid and inert bureaucracies into smaller, task-specific performance-based units that have clear goals and accountability mechanisms (Talbot, 2004). Instead, the reforms that have taken place can be characterized as de-agencification and consolidation of the structure.

There are several possible explanations for that. First, the initial conditions of the reforms in Estonia were very different from those in the established democracies. Instead of large and rigid ministerial bureaucracies, Estonia inherited an institutionally fragmented administrative system with a high number of relatively autonomous individual organizations. Consequently, the reforms focused on aggregating the system and establishing mechanisms for steering and control. Although there has clearly been an important role for NPM in Estonia, its influence has been relegated to the level of individual programs and policies, and its impact on the fundamental structure has not been so significant (Randma-Liiv, 2005). Second, the elite’s belief in the “lean” state and the narrow focus on microlevel efficiency in Estonia have led to a reluctance toward investing in public administration and a strong rhetoric of streamlining that was especially

⁹The former was leading the coalition governments of 1992–1994 (Prime Minister Mart Laar) and 1999–2002 (Prime Minister Mart Laar) and has been in the ruling coalition since the spring of 2007. The latter has been

holding the position of prime minister since 2005 (Prime Minister Andrus Ansip) and has persisted in government since 1999 (twelve years in a row).

visible during the first decade of transition and the global economic crisis at the end of the 2000s (see also Raudla, 2011; Raudla & Kattel, 2011). This has pushed reformers toward de-agencification and the formation of larger multifunctional structures. They have hoped that government agencies in Estonia would become more sustainable through the reforms and that the reorganizations would help to cut the costs of governing. Saving on the costs has been supposed to come from the optimization of support services previously provided in every single organization instead of one, as well as from eliminating the overlaps between agencies' responsibilities. The reasons given for creating the multifunctional government agencies cohere with the theoretical discussion on constraints characteristic to the small states. Consequently, the small-state context has probably also had its impact on the structural development and has been one of the factors mediating international influence.

Though it can be argued that the changes in administrative system have been generally internally driven in Estonia, a phase can be pinpointed in the twenty years of development, when the international factors have clearly had a strong impact on the direction of the reforms. It is the period of accession to the EU. During that period, a considerable number of change events took place. In the establishment of the Agricultural Registers and Information Board or the Data Protection Agency, for example, EU requirements featured prominently in the explanations. However, most important, the years 1999–2000 brought a significant change in the principles of structuring the government organization in Estonia—the previous trend of abolishing agencies was reversed and boards became legitimized as the main form of subministerial executive unit. The change was induced by the conflict of the existing policy with the EU emphasis on favoring independent regulatory agencies. The impact of EU conditionality was evident.

Nevertheless, in the postaccession period, wide-ranging attempts for consolidation returned. In the years 2008–2010, seven complex mergers or complex reorganizations of the government agencies took place, often also embracing functions from outside the center of the government. Seven agencies ended their existence in larger multifunctional structures, where the regulation and oversight of different policy fields was brought together to single integrated administrations. Therefore, it can be argued that due to the conditionality and the ongoing institutionalization of the administrative system, the EU had a penetrating influence on the Estonian public administration. However, when the conditionality ceased, the internal factors became prominent again and started to modify the reforms in the direction seen more suitable for the local context. A similar reorientation or even reversal of the reforms implemented after gaining actual EU membership has also been noted in the field of civil service systems (Mayer-Sahling, 2011).

In sum, an important conclusion is that the deinstitutionalization of the whole politico-administrative system at

the beginning of the 1990s made it possible for international factors to have an influence on the development of administrative structure that would not have been feasible in established democracies with their entrenched values and working practices. Due to the “gaps” in the administrative fabric, there was much more room and receptiveness for the international actors to exert their influence. However, this influence cannot be taken at face value. Also in this context, there were domestic mediating forces at work. A general implication for the research on the longitudinal continuity and change is, therefore, that it is not possible to understand administrative development by focusing on certain types of dominant explanatory factors only, but the combination of different factors at a specific point in time needs to be addressed.

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Article III

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POST-COMMUNIST DEVELOPMENT OF ADMINISTRATIVE STRUCTURE IN ESTONIA: FROM FRAGMENTATION TO SEGMENTATION*

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Abstract

The article focuses on the issue of administrative structure and its development in a post-communist context. The case of the Estonian administrative system is analyzed. The article aims to find out how and why a decentralized administrative structure has formed in Estonia. To fulfill this aim, the current organizational landscape of the Estonian public administration is described and its trajectories of development over the 20-year period are discussed. The analytical framework of the article draws on organization theory and literature on post-communist transition. It is found that during the 20 years of regained independence, factors have combined in favor of specialization over coordination in Estonia. First, the aim of overthrowing the legacy of centralized soviet public administration in combination with pressures of transition and the sectoral character of the EU accession process have contributed to the development of a public administration with strong ministries having a considerable leverage over the issues falling to their areas of governance. Second, the neo-liberal worldview of Estonia's politico-administrative elite and its inclination towards a lean state and down-sizing have led to reluctance towards investing into coordinating functions and administrative development more generally.

Keywords: Estonia, administrative structure, coordination, institutionalization, post-communist development.

1. Introduction

The focus of this article is on the administrative structure and its development in a post-communist context. The administrative structure has a vital importance in a state for it directs the way public policies are designed and implemented. Organizational forms and their modes of operation create constraints on and possibilities for actors' use of discretion and, as a result, shape their behavior in the policy process (Christensen *et al.*, 2007). Changes in a state's organizational structure may alter the balance between different values, shift the focus on tasks to be performed and increase or diminish the potential for political control (Læg Reid *et al.*, 2008; Egeberg, 1999). Consequently, administrative structure has a critical role to play in the functioning of a politico-administrative system.

The last few decades have seen a lot of reform effort directed at changing the administrative structures of states, both in the countries of 'West' and 'East'. In the countries of Central and Eastern Europe (CEE), the structural reforms have been of an overwhelming magnitude. The radical shift of political regime from communism to democracy also necessitated changes in the institutional structures of the states. Especially in the countries that were formerly part of the Soviet Union, the question was not so much about reforming the states' organizations but building them up, as the structures assumed from the communist predecessors were inadequate and in some policy fields even absent. Consequently, the CEE countries faced the challenge of building up administrative institutions that would be able to fulfill their roles in a democratic policy-making and implementation cycle. Among other things, it also meant reforming the mechanisms of cooperation and coordination in a situation where the communist party as a central coordinating power had lost its position. Considering that most of the CEE countries inherited fragmented administrative systems with a high number of individual organizations, many of them designed as single-purpose agencies (Beblavý, 2002; Goetz and Wollmann, 2001), this was not an easy task.

The article at hand focuses on the post-communist development of administrative structure in one of the CEE countries – Estonia. In Estonia, a decentralized administrative system has formed during the 20 years since regaining its independence in 1991. In terms of structural development, Estonia has moved from a fragmented system inherited from the Soviet Republic to a segmented system that relies on strong ministries supervising their areas of governance regarding both policy and structure. The ministries are rather small and their role is mostly confined to policy formulation. The implementation of the policies is carried out by various agencies under their supervision. Such a decentralized arrangement has shown both considerable strengths and considerable weaknesses. On the one hand, there is clear accountability for certain policy fields, accumulation of professional knowledge, the possibility for relatively quick problem-solving and the need to spend fewer resources on central coordinating units. On the other hand, difficulties related to solving problems that engage several areas of governance have arisen as they defy clear responsibility and engage clashes between different agency ideologies. Calls for a better horizontal integration of policy

sectors and for a whole-of-government approach have been voiced by social actors, the National Audit Office and other experts. Most recently, the coordination problems have been underlined by the OECD (2011) review of Estonian governance which resuméed that there is considerable room for development in terms of joined-up policy design and implementation.

The aim of this article is to find out how and why such a decentralized administrative structure has formed in Estonia during the 20 years of regained independence and transition to democracy. Why has Estonia's post-communist administrative development advanced from a fragmented to a segmented system? To fulfill this aim, first, the current organizational landscape of the Estonian public administration is described and analyzed and, second, its trajectories of development over the 20-year period are discussed. The analytical framework of the article draws on organization theory and literature on post-communist transition. The approach applied to the organizational change can be defined as 'transformative' (see Christensen *et al.*, 2007, pp. 165-175) – it is expected that changes in the structure of the public sector are born in a complex interplay between conscious and planned strategies of political and administrative leaders, cultural-historical features and reform pressures originating from the external context of organizations. At the nexus of these diverse factors of influence, transformations occur (Christensen *et al.*, 2007). The goal is to explain how they have combined in the case of Estonian administrative development. The perspective adopted can also be termed institutional. The article attempts to find out how the Estonian administrative structure has institutionalized – what kinds of working practices have become entrenched and why?

The empirical part of the analysis is based largely on a research exercise started in 2008 with the aim to achieve an overview of the administrative development by mapping all events whereby full organizations have been established, terminated or reorganized at the center of the Estonian government from 1990 to 2010. The mapping of events relied on the analysis of various documentation (legislative initiatives and their accompanying notes, records of discussion in the parliament *Riigikogu*, newspaper articles, different surveys and analysis etc.) in which the content and explanations of reorganizing Estonian government structures have been conserved. This knowledge has been complimented with information from other secondary sources on the organization of the Estonian public administration and its development (audits by the Estonian National Audit Office, reports by the Ministry of Finance, Public Service Yearbooks etc.). The analysis of documented information has been further supported by informal conversations with key persons who have participated in the change processes at various points in time.

2. Theoretical framework

2.1. Administrative structure

There is a growing amount of international academic discussion on the issues related to the administrative structure of states. A big part of the discourse focuses on the phenomenon of 'agencification', its nature and effects (for a comparative treatment

of CEE and Western European countries see van Thiel, this issue). In their essence, these discussions revolve around the organizational architecture of states and the division of functions between different actors in the system. For the research interest of this article, the concept of ‘specialization’ is of central interest. Agencification has meant increasing specialization of the state structures. Also in the context of CEE, it is relevant to find out how the specialization of administrative structure has been addressed in the process of transition to democracies.

Specialization can be analyzed along two dimensions – vertical and horizontal (Christensen *et al.*, 2007; Egeberg, 1999; Læg Reid *et al.*, 2008). The *vertical specialization* indicates how political and administrative tasks and authorities are allocated among organizations at different levels, i.e. between ministries and their subordinate agencies. In terms of process, it means a conversion of existing state organizations or functions into units that are organizationally further away from the central political authorities or the transfer of tasks to such units. The *horizontal specialization* focuses on how tasks and authorities are distributed among different organizations at the same hierarchical level, i.e. between ministries or among government agencies. Horizontal specialization in terms of process means that existing organizations are split into smaller sub-units or that new organizations are founded at the same hierarchical level.

In the context of a complex administrative structure, there is another side to specialization – it enhances the need for coordination (Verhoest and Bouckaert, 2005, p. 104). Peters (1998, p. 296) refers to coordination as ‘an end-state in which the policies and programmes of government are characterized by minimal redundancy, incoherence and lacunae’. Coordination becomes manifest in ‘instruments and mechanisms that aim to enhance the voluntary or forced alignment of tasks and efforts of organizations’ (Bouckaert *et al.*, 2010, p. 16). In accordance with the two dimensions of specialization, there are also two dimensions to coordination (Bouckaert *et al.*, 2010, p. 24). Horizontal coordination appears between organizations on the same hierarchical tier within government, e.g. between ministries. Vertical coordination takes place when higher-level organizations (e.g. ministries) coordinate lower-level actors’ (agencies) actions.

New Public Management (NPM) type of agencification reforms made manifest the negative effects of specialization. It has been discovered that agencification and NPM’s narrow focus on organization level efficiency resulted in decoupled policy cycles, meta-organizational coordination problems and loss of states’ overall policy capacity (Verhoest and Bouckaert, 2005). ‘Managerial efficiency was displacing political effectiveness’ (Verhoest and Bouckaert, 2005, p. 104). This trade-off led to a renewed emphasis on public-sector coordination. ‘Re-integrating government’, ‘whole-of-government’, ‘joined-up’ and ‘single’ government initiatives have brought attention back to the importance of coordination within the organizational architecture of states and its relevance for governments’ policy capacity (Verhoest and Bouckaert, 2005; see also Christensen and Læg Reid, 2007; Halligan, 2007). Governments’ policy capacity is also something that countries of Central and Eastern Europe have tried to

build up in the process of transition to democratic governance. Among other issues, it has meant the need to deal with instruments and mechanisms that bind their public sectors together in a situation where the communist party as the supreme coordinating centre disappeared. Whatever the results, the change of administrative structure has consisted of many smaller or bigger transformations that have led to the structural configurations present in CEE countries after two decades of development.

2.2. Administrative change in CEE

There are different factors that help to explain the specific trajectories of administrative change. Basically, these explanatory factors can be grouped into three types: first, the conscious strategies of political leaders, second, the administrative culture and its understanding of the appropriate course of development (alias historical-cultural context), and third, environmental pressures, deriving both from international as well as national contexts (see Christensen *et al.*, 2007; Peters, 1992). According to the transformative approach, changes in the structure of public-sector organization can be expected to be born in a complex interplay between these three factors (Christensen *et al.*, 2007, pp. 165-175). Political structure, historical-cultural context and environmental pressures have also been seen to combine for change in the post-communist reforms of the CEE countries (see e.g. Armingeon and Careja, 2008; Crawford and Lijphart, 1995; Eriksen, 2007; Goetz, 2001; Hesse, 1997; Meyer-Sahling, 2009). These combinations have been invariably born in specific points in time – institutional arrangements are usually ‘a product of situation-specific compromises’ (Olsen, 2009, p. 18). The factors combine at different moments in time to produce specific institutional formations.

With regard to the historical institutional analysis that this article is in its essence, there are two central conceptions that must be taken into account. These are the concepts of ‘critical junctures’ and ‘developmental pathways’ (Thelen, 1999, p. 387). The first denotes that there are crucial founding moments that send countries along broadly different developmental paths. The second points to the fact that further evolution of the structure is always constrained by past trajectories. For the CEE countries, the end of the 1980s and the early 1990s were a critical juncture – a moment in time where fundamental change was possible and the basic rules of the coming order in the polity, economy and society were set (Armingeon and Careja, 2008). Several authors emphasize the magnitude and complicatedness of the changes undertaken (see e.g. Agh, 2001, p. 238; Schmitter and Santiso, 1998, p. 70). Offe (2004, p. 502) has characterized the initiated transformation as ‘a revolution without a historical model and a revolution without a revolutionary theory’. At that time, a choice of different developmental pathways was possible. However, politico-administrative development has a strong inclination towards ‘path dependency’ (Pierson, 2000), which means that the first years of post-communist transition were a time of critical decisions that established the basis for the future development. Nevertheless, both the transformations of the first years of transition and the changes appearing in the

latter years of development can be expected to be born in the interplay of the three types of factors named above. It is just reasonable to anticipate that in different points in time they have different weight and combinations.

The analysis of the CEE post-communist development offers several periodizations trying to capture the temporal spirit of the transitions (see e.g. Hesse, 1997; Lippert *et al.*, 2001; Nemeč, 2009). Altogether, three general phases are manifest with regard to the content and drivers of administrative change.

First, the initial phase of transformation (starting usually at the end of the 1980s or the beginning of the 1990s) was characterized by a radical break with the old legal, political, social and economic orders and the early formation of new structures. When stability increased, a more systematic approach both to economic and institutional reforms became possible. As Hesse (1997) has convincingly argued, in the initial years of transition, public-sector reform was guided less by an assessment of the new requirements associated with political and economic change than by the intention to overcome the legacy of socialism. The demise of the communist system constituted a massive de-institutionalization of political and economic spheres (Zubek and Goetz, 2010). Especially in the former Soviet states, the question was not so much about reforming the states, but building them up as the structures inherited from communism were both inadequate and inappropriate.

Furthermore, the communist system of ruling left a legacy of institutionally fragmented administration. As Goetz and Wollmann (2001, p. 867) describe the situation in four Central European states (Bulgaria, the Czech Republic, Hungary and Poland):

The central executives consisted of a very high number of ministries, including the sectoral ministries and other central agencies. Many of the latter were formally attached to the Office of the Council of Ministers, but operated largely autonomously. The central state apparatus was institutionally fragmented and specialized units proliferated.

The same has been emphasized by Beblavý (2002), who shows that the communist systems bestowed to their democratic heirs highly specialized administrations with a big number of individual organizations that were often based on a single-purpose agency principle. At the same time, these organizations were not part of a centralized, horizontally and vertically well-integrated hierarchy, as is often presumed, but of an amorphous system that endured thanks to accommodating both the Party's organizational and its members' and administrators' individual interests (Beblavý, 2002).

In the first phase of transition, the administrative changes can be expected to be driven most of all by the strategies of political elites with an aim to overcome the legacy of the previous system. In that, they were considerably assisted by different international donors who rushed in with financial help and consultancy right after the collapse of the communist regimes (see e.g. Randma-Liiv, 2005).

Secondly, with their request to join the European Union, CEE countries entered into a new period of development characterized by increasing adaptational pressures

from the EU. The pursuit of the EU membership is usually bound with the notion of ‘conditionality’ (see e.g. Sedelmeier, 2008). Conditionality reflects the presumption that the CEE candidate states had to demonstrate administrative capacity and the ability to effectively apply the ‘*acquis communautaire*’ before accordance of full membership. Conditionality allowed a considerable intervention of the EU in the administrative development of the candidate states. There were several mechanisms for that – besides gate-keeping also the provision of legislative and institutional templates, technical assistance, benchmarking and monitoring, advice and twinning (Grabbe, 2003). However, it should also be noted that there were limitations to the potential impact of these mechanisms, too. These were related to the ‘aspects of uncertainty’ involved in the process (see Grabbe, 2001, 2003). Among others, there were no EU-wide rules or models of public administration, and the influence of the EU on the development of candidates’ governance patterns was limited by its own diffusion, partly owing to the diversity of its existent member states. Nevertheless, as the accession coincided with the general administrative reform and the burden of adopting the *acquis* was significant, there are good reasons to expect the process to have transformative power (Goetz, 2001; Grabbe, 2001). Not only because there was a considerable ‘misfit’ between the EU expectations and candidates’ administrative institutions (Börzel and Risse, 2003), but also because there were political and administrative elites present in CEE motivated to ‘restore’ their country’s place in Europe and to adapt to the EU-level pressures. Drechsler (2005, p. 100) has even argued that the reforms geared to the increase of ‘administrative capacity’ have been primarily EU-driven in CEE.

Third, with joining the EU (in 2004 for most of them), the international adaptive pressures resumed, and CEE states found themselves in a new situation where they were on their own in deciding on the further development of their administrative systems. By that time, it should be possible to talk about CEE countries as ‘normal democracies’. Structural changes of this post-accession time can be expected to be born from a complex interplay between political strategies, historical-cultural convictions and environmental pressures without any of them having such a defining role as they did in the previous two phases. Nevertheless, this last phase of development has seen the arrival of the global financial crisis that has put new and intensive pressure on governments to change, either for economic reasons in order to cut the costs of governing or for political reasons to change the economic policies that have been seen to contribute to the crisis. However, the reactions to the crisis can be presumed to be highly context-specific, and there is no one template for these reforms (Peters *et al.*, 2011). In the international environment, this last phase has also seen the renewed emphasis of coordination and ‘whole-of-government’ initiatives mentioned above. Among other things, this has meant the re-strengthening of the centres of government (both political and administrative) for building coherence in policies and their implementation (Bouckaert *et al.*, 2010, p. 19). Considering that the coordinative capacities of the centres of government were generally weak in CEE (Goetz

and Margetts, 1999), the latter shift in the international rhetoric could be expected also to reverberate in the CEE context.

3. The case of Estonian public administration

3.1. Description of the administrative system

Estonia is a small country with an area of 45,227 km² and a population of 1.34 million. In 2009, the Estonian public sector engaged 26.6% of its employed workforce (Statistics Estonia, available at www.stat.ee, accessed on January 11, 2010). Around half of the public-sector employees (51%, 72,410 people) were working in its state institutions and the rest in 227 local governments (Rahandusministeerium, 2010). The workforce of eleven Estonian ministries counted 2,448 employees (civil servants and support staff together), i.e. with the exception of the Ministry of Foreign Affairs, which constitutes one large unitary structure with its foreign representations, there were 200 or less people working in most of the individual ministries. Executive government institutions covered by the civil service employed just fewer than 20,000 employees all together. Civil servants make up around 91% of the workforce of the central government institutions. The remaining 9% are technical support staff employed under labor law (Rahandusministeerium, 2010). The small size of Estonia was reflected in the size of its state structure.

A central trait of the Estonian administrative system is its reliance on ministerial responsibility. Although ministries are small, they represent strong administrative actors that have considerable leverage over the issues belonging to their areas of governance. Other coordinating centers in the system (the Government Office and the Prime Minister's Office, the Ministry of Finance) are equipped with restricted coordinating powers and, in addition, often constrained by limited resources. The role of the ministries is mostly confined to policy formulation while the implementation of the policies is carried out by various agencies under their supervision. In accordance with the ministerial responsibility, all public organizations are more or less directly subordinated to specific ministries, and their communication with the Cabinet goes through the parent departments.

Consequently, it can be said that the Estonian administrative structure is considerably specialized both in vertical and horizontal terms. Agencies play an important role in the Estonian state. They employ the vast majority of the public-sector employees and spend most of the state budget. As Estonia is historically strongly rooted in continental European legal thinking (with a considerable German influence), its public agencies are usually also differentiated and categorized by their legal status. Four types of agencies can be identified – (1) government organizations, (2) state agencies, (3) public institutions, and (4) private law bodies, with a central role for the state foundations. The first two of these can be classified as semi-autonomous bodies without legal independence, public institutions are legally independent organizations with managerial autonomy, and foundations fall into the category of private law-based not-for-profit organizations established on behalf of the government (van Thiel and CRIPO team, 2009). See Table 1 for an overview.

Table 1: Organization of Estonian public administration 2010

Type of organization	Number ¹	Legal status	Employment relationships	Staff/share ²	List/examples	
Government institutions	Ministries	11	No legal personality	Civil service	2,448/3.4%	Education and Research, Justice, Defence, the Environment, Culture, Economic Affairs and Communications, Agriculture, Finance, Internal Affairs, Social Affairs, Foreign Affairs
	Government organizations (boards, inspectorates)	27	No legal personality	Civil service	10,438/14.4%	Defence Resources Agency, Data Protection Inspectorate, National Heritage Board, Consumer Protection Board, Civil Aviation Administration, Veterinary and Food Board, Police and Border Guard Board, Language Inspectorate
	County governments	15	No legal personality	Civil service	608/0.8%	Harju, Hiiu, Ida-Viru, Jõgeva, Järva, Lääne, Lääne-Viru, Põlva, Pärnu, Rapla, Saare, Tartu, Valga, Viljandi, Võru
	Other government institutions	9	No legal personality	Civil service	6,406/8.8%	State Chancellery, Estonian National Archives, Prosecutor's Office, Estonian Defence Forces, prisons (5 units)
State agencies	150	No legal personality	Labor law	8,672/12%	Estonian Children's Literature Centre, Räpina Gardening School, Pärnumaa Centre for Vocational Education, Estonian Literary Museum, Agricultural Research Centre, Veterinary and Food Laboratory, Haapsalu Orphanage	
Public institutions	21	Legal persons, public law	Labor law	10,257/14.2%	Health Insurance Fund, Unemployment Insurance Fund, Defence League, Auditing Board, Public Broadcasting, National Opera, National Library, Academy of Sciences, public universities (6)	
Foundations	66	Legal persons, private law	Labor law	9,547/13.2%	Environmental Investment Center, Estonian Film Foundation, Estonian Science Foundation, Enterprise Estonia, North Estonia Medical Center, Russian Theatre	

¹ Sources: Ministry of Finance; Register of State and Local Government Organizations, Ministry of Finance, available at <http://register.fin.ee/register/index.php>, accessed on December 30, 2010.

² Staff: total number of employees on December 31, 2009; in government institutions both civil servants and support staff are included. Share: % of total workforce employed by the state institutions (72,410, including judiciary and legislative branch). Source: Rahandusministeerium 2010.

First, *government organizations* are agencies that are financed from the state budget, operate under the direct supervision of ministries and do not have a legal personality of their own. Together with ministries, county governments and a few other organizations, they form the group of 'government institutions'. According

to the Government of the Republic Act (GRA), their main function is to exercise executive power – to perform state supervision and to apply the state’s power of enforcement. Most of the government organizations have regulatory tasks, both in the fields of economic and social regulation. A list of these agencies is provided in the GRA, in which also two specific types of organizations are described – boards (*ametid*) and inspectorates (*inspektsioonid*). The latter are supposed to have more limited tasks, concentrating on regulation and law enforcement, whereas boards can also have a role in policy elaboration. Ministries with their subordinate government organizations form a well-defined core of public administration in Estonia that is critical from the perspective of policy-making and using the state’s power of execution. The size of government organizations varies considerably (from 17 to 1,800 officials and an exceptional 7,000 in the Police and Border Guard Board), and they are often considerably larger than their parent departments. The government organizations are the only type of agencies in Estonia covered by civil-service legislation. As the government organizations operate closest to the ministries, their autonomy is restricted more than is true for other types of agencies. The policy autonomy of government organizations is first of all determined by the legislation regulating their field of functioning. In some cases, there is a very high policy autonomy prescribed by law, especially for the economic regulators (e.g. Competition Board).

Second, *state agencies* (with the full name of ‘state agencies under supervision of government institutions’) are financed from the state budget, but their main function is not to exercise public authority (GRA). These agencies are basically policy-implementation organizations that serve government institutions in the fields of culture, education, research and others. Except for eleven social-service units (mostly orphanages) that are supervised by the county governments, all state agencies report directly to the ministries. Although the scale of activities in this group is rather wide, there are some tasks that dominate; there are 33 museums, 69 educational institutions (secondary schools, vocational schools, institutions for pupils with disabilities etc.), several research institutes and a number of agencies providing support services to the ministries (IT, accounting). State agencies form a very mixed group, and there is no common management structure prescribed. The autonomy of the state agencies can vary quite a lot depending on their task; there is more independence for some (e.g. schools) and less for others that operate closer to the parent ministries.

Third, *public institutions* are public organizations created by law (i.e. parliamentary decision) to serve public interests. Issues related to their tasks, financing and functioning are normally addressed on a case-by-case basis. Several institutions that have traditionally possessed considerable autonomy (e.g. public universities) or whose profession presumes the right to self-government (e.g. the Estonian Bar Association, the Estonian Chamber of Bailiffs and Trustees in Bankruptcy) belong to this category. Besides these, four public foundations managing the assets of a specific purpose (e.g. Health Insurance Fund, Unemployment Insurance Fund) also have the status of public institutions. In accordance with the diverse nature of this type of agencies, their

steering and supervision varies considerably and is prescribed by the individual case laws. However, this category includes organizations that have traditionally enjoyed high autonomy.

Fourth, the state can establish or have shares in three types of *private law bodies*: enterprises, not-for-profit associations and foundations. The last-mentioned have an important role to play in the Estonian public administration. Foundations are not-for-profit entities whose purpose is ‘to administer and use assets to achieve the objectives specified in their articles of association’ (Foundations Act). Of the 66 foundations established by the state, 45 are operating under ministry supervision. Besides a few theaters and a couple of small research institutes and several medical institutions, there are a number of influential bodies in this group that the state uses to channel EU structural support to the Estonian economy, infrastructure, environment and higher education (e.g. Enterprise Estonia, Environmental Investment Center, Foundation Archimedes). In 2008, they managed 668 million EUR in total assets. Foundations have their basis in private law. Differently from the other agencies, they are treated as a distinctive group and annually reviewed by the Ministry of Finance, which is responsible for administering the state’s assets. Foundations’ management structure is prescribed in law; they have a supervisory board and a chief executive or a management board appointed by the supervisory board.

The four types of agencies described above – government organizations, state agencies, public institutions and foundations – are not evenly distributed between different policy areas and ministries. The most populous field of governance falls to the Estonian Ministry of Education and Research; the high number of state schools make up for more than one third of all agencies (91 all together). The second largest policy field when it comes to agencification is culture, because of the high number of state agencies (mostly museums) and a considerable number of different foundations (60 agencies all together). Together, the fields of education and culture oversee almost two thirds of all Estonian agencies. In other areas of governance, the number of agencies is considerably smaller. For example, the ministry that by itself spent 45% of the whole Estonian state budget in 2010 – the Ministry of Social Affairs – supervises 17 agencies. Nevertheless, with a few exceptions, in most policy fields, there are agencies from all four legal types.

3.2. Functioning of the system

As already argued above, Estonia operates a decentralized administrative system where the responsibility for public policies and programmes lies with individual ministries, and such an arrangement is also supported by budgetary and strategic planning frameworks. However, the ministries are rather small and in everyday work rely very much on their subordinate agencies, where most of the professional knowledge is located. Due to the constraints on resources (money, people, expertise), the ministries’ capacity to supervise and steer their subordinate agencies’ daily functioning is limited. From the ministries’ point of view, most mechanisms for steering

the performance of subordinate organizations are managerial ones; the annual budget of government organizations and state agencies is negotiated for and determined by the parent ministry, strategic workplans are coordinated by the ministries as well as the management of support functions. The general framework of vertical coordination relies strongly on ex-ante control mechanisms. Regardless of the investments made into developing the strategic planning, ex-post control tools are often used as an ad-hoc reaction to specific problems. Due to the complexity of the issues handled by the agencies (especially government organizations), their frequent monopoly of expert knowledge and limited resources of the ministries, the influence of agencies on policies can be very high. For example, in terms of vertical specialization, there are a number of organizations in operation with specific tasks allocated to them, but the mechanisms for vertical coordination are limited.

In terms of horizontal coordination, problems due to the segmented system of public administration have become more and more evident. Most of all, these are related to the decentralized arrangement of policy design and implementation. Coordinating centers in the system are equipped with restricted coordinating powers and, in addition, often constrained by limited resources. The Government Office is mostly a technical support unit to the Cabinet (although hosting units for EU coordination and strategic planning), and the Prime Minister's Office consists of a handful of people. The strongest mechanisms of coordination in the system belong to the Ministry of Finance, which is responsible for the budgetary process. Such a decentralized system has effectively reproduced itself and has been reluctant in according coordinating powers to some central units. Horizontal coordination mechanisms that have been built into the system (e.g. consultation of draft regulations, management of EU affairs) are based on network-type cooperation and in that way reinforce the central role of ministries in deciding over the policies falling to their areas of governance.

Decentralized decision-making also applies to the administrative policy. The limited central coordination of structural development has resulted in heterogeneity of organizational solutions, often not comparable or compatible with each other. For example, one of the latest issues taken up by the Estonian National Audit Office (Riigikontroll, 2010) addressed the regional representations of the government organizations, whose reform has been largely un-coordinated and has resulted in different definitions of the 'regions' (combinations of the counties) and region centers. Similar heterogeneity is also manifest among the private law bodies of the state. The Ministry of Finance has attempted to use its coordinating power to foster the steering of the foundations according to the performance-management principles. Individual ministries are expected to define specific goals that the foundations operating in their areas of governance have to pursue, to evaluate their achievement on a yearly basis as well as give their opinion in every annual report on the necessity of the foundations to be continued. However, the success of this attempt has been dependent on the line ministries' capacity and willingness to do it and has varied to a great extent.

Consequently, there is a call for better horizontal integration of policy sectors and for a whole-of-government approach. As has been recently pointed out by OECD (2011), the Estonian administrative system has demonstrated ability to work in a 'joined-up fashion'. However, it has shined more in times of crisis or when a more immediate policy response is needed than in 'business-as-usual' activities (OECD, 2011, p. 26). Furthermore, the cooperation on these occasions has relied very much on personal contacts and informal networks. In order to transform the joined-up way of working into an every-day mode of operation, there is the need to make it part of the administrative culture (OECD, 2011). However, it takes the issues back to the administrative policy. The whole-of-government approach presumes that there are some shared values in the system, some standardization and a shared administrative culture. As Peters (1998, pp. 298-299) has pointed out, shared values and organizational logics support coordination and make it more likely to appear without using authority or disrupting organizational routines. Nevertheless, in Estonia, also the civil-service system is decentralized, and there are few mechanisms that bind the cultures of different organizations together (e.g. the civil-service code of ethics could be mentioned here). The initiatives of creating more unity within the system have met with institutional resistance and have moved on only very slowly. So, the issues related to the coordination of sectoral policies cannot be solved without dealing also with the management of the administrative organization itself.

To conclude, Estonia operates an administrative system where the vertical and horizontal specialization has helped to enhance the micro-level policy capacity of single organizations, both ministries and their subordinate agencies. However, this specialization has not been balanced with coordination mechanisms that would foster the macro-level policy capacity of the government as a whole. Why such a decentralized administrative structure has evolved in Estonia and what have been the factors behind its development will be analyzed in the next section.

3.3. Development of the system

The research undertaken for analyzing the institutional development of the Estonian administrative system shows that such a decentralized system has emerged and taken root in a combination of different factors. Over the two decades of development, specific factors have combined in favor of specialization over coordination. The three general phases of CEE development described above are also visible in the development of the Estonian administrative structure (see also Lauristin and Vihalemm, 1997; Tõnnisson and Randma-Liiv, 2009; Viks and Randma-Liiv, 2005). In different phases, specific dominating drivers and motives for change appear.

First of all, it is important to look at the basis from which the structural reforms started. Estonia re-gained independence formally in August 1991. However, a major reform of administrative structure was already initiated at the end of 1989 as a part of aspirations to gain more independence within the Soviet Union. With the December 1989 Act on the government of the Soviet Republic of Estonia, a new ministry-agency

structure was created. The law stated that there were 17 ministries, a State Chancellery and state boards and inspectorates under the steering of the government. To arrive at such a structure, in the first half of 1990, two existing ministries were abolished and ten ministries were established based on the previously existing state committees. Many existing units were given new labels of 'boards' or 'inspectorates'. The official restoration of independence in the following year led to a massive restructuring of the public administration. However, these reforms were already building on the changes initiated in 1990.

Structure-wise, the early reformers faced two central problems. First, the system inherited from the Soviet Republic was highly fragmented and consisted of a large number of executive organizations with no clear system of organization and subordination. Second, several core functions of the state needed to be built from scratch (foreign affairs, defence) or reorganized completely (economic affairs). For example, at the beginning of 1990, there were only 12 people working at the Ministry of Foreign Affairs (Välisministeerium, 2002). Furthermore, the division of functions between the local, regional and state levels had to be decided again. The regional level ceased to exist as a tier of self-government, and several of its functions were given to the central government agencies (see Sepp and Veemaa, 2010 for a further discussion).

With respect to the organization of the executive branch, very basic questions came out from the discussions of that time – the debate revolved very much around optimal number and task portfolios of ministries and government organizations, as well as the subordination relationships between them (Riigikogu, 1992a; 1992b; 1992c). Problems were mostly seen to lie with various government agencies that, in spite of being placed in specific areas of governance, functioned rather independently and were formally subordinated to the Cabinet, not individual ministers. At the beginning of the 1990s, both ministries and government organizations were reorganized actively, most of all through mergers and different kinds of successions.

In this first phase of transition, critical decisions for the further administrative development were taken. For this article, reliance on a decentralized arrangement of policy design and implementation is of prime interest. It becomes clear from the research that the foundations to a segmented administrative system were already laid down in the initial stage of transition and the further development has followed this path. Reasons for that can be found in the strategies of political leaders, the historical-cultural context as well as environmental pressures. The next sections discuss how they have combined in time.

To begin with, there were several reasons for the choice of a decentralized system and reliance on the responsibility of individual ministries at the outset of the administrative reforms. First, in a situation where the communist party as a coordinating center had disappeared and a new state structure had been established formally with the adoption of the democratic constitution in June 1992, the whole system of governance was in its essence de-institutionalized. In such a context, the inception of new democratic coordination mechanisms and decision-making procedures was

necessary but extremely complicated. It was difficult to decide what was needed. Furthermore, the high uncertainty, enormous workload and intensive time pressure of the early transition made the decentralized problem-solving approach seem like the only working solution. There was no time for coordination and consultation. Last but not least, the aim of overthrowing the legacy of centralized and overwhelming soviet public administration meant that the political elite were very cautious towards all manifestations of centralization. Consequently, a decentralized arrangement was deemed a proper solution.

By the time Estonia started to move towards the membership of the European Union (the application was submitted in November 1995), initial stability had been achieved and the basic ministry-agency structure was agreed on. Nevertheless, 'simplifying' and 'downsizing' the government machinery still stood high on the to-do list of the Government (Explanatory note to the draft act on the Government of the Republic, 1995), and, most of all, it was supposed to appear in the form of reducing the number of government organizations, as these were perceived to lead to a doubling of the number of centers of executive power next to the ministries. The aim was to reduce the vertical specialization of the administrative structure. On January 1, 1996, the new Government of the Republic Act came into force that prescribed a decentralized administrative system with strong ministries responsible for specific areas of governance. Although ministries were accorded more power for steering agencies in their areas of governance, the strengthening of the horizontal coordination mechanisms was much more modest and the attribution of coordinating power to some central units was avoided. The decentralized system had already institutionalized enough in order to reproduce itself.

The latter was also reflected in the organization of the Estonian national accession process, where the issues were divided between ministries according to their mandates and the coordination was based on the network type of cooperation instruments. Such a solution strengthened again the position of individual ministries. Furthermore, the sectoral approach of the EU itself cannot be underestimated. On the one hand, the EU's competence in different sectors varies, so do the legislative procedures and decision rules applied (Kassim, 2003, p. 87). On the other, the EU's reliance on a sectoral approach in evaluating and supporting administrative development in CEE has been noted (see e.g. Jacobs, 2004, p. 322; Dimitrova, 2002, p. 179). As a consequence, the Estonian decentralized administrative structure was further institutionalized in the process of the EU accession. Nevertheless, it is important to note that at the same time, it was also increasingly discerned in Estonia that its public administration needs better mechanisms for coordination. Therefore, although accession to the EU strengthened the decentralized architecture of the Estonian state, it also helped to institutionalize coordination that is needed in a functioning democratic state. Last but not least, due to the EU pressure, the previous policy of terminating government organizations (mostly through mergers to the parent ministries) was abolished and reversed in order to accommodate regulatory responsibilities in accordance with

the EU rules. Also several new agencies were created in the form of private-law foundations. The accession process also increased the vertical specialization of the structure potentially creating new problems of coordination (see also Suurna and Kattel, 2010, for a more general CEE discussion).

Such a decentralized administrative system as is present in Estonia could not develop if it was not supported by the historical-cultural context or, in other words, prevailing values within the organization and its environment. The initial aim to overcome the legacy of a centralized Soviet system was already mentioned. Nevertheless, there is another aspect that deserves attention. The post-communist structural reorganization started at a time in history when the international environment was dominated by neo-liberal definitions of problems and solutions for democratic governing. Bruszt (2002) has brought out that in the initial years of economic reforms in the CEE countries, the policies were basically shaped by the 'Washington consensus', and the building up of regulative state capacities began long after the introduction of liberalizing measures. In the case of Estonia, the seed of neo-liberalism fell on fertile ground and took strong roots. Its reign has been supported by the political structure with two main parties carrying the worldview – Pro Patria Union and the Reform Party – firmly institutionalized in the political landscape and with a long record of being in power. In their comparative analysis of administrative traditions of the three Baltic States in 1993 and 2001-2002, Nørgaard and Winding (2005) concluded that out of the three, Estonia was leaning the most towards the contractual state epitomized by the Anglo-Saxon countries. Furthermore, Lauristin *et al.* (2005, p. 6) claim that also the Estonian media have been oriented towards the liberal market economy and individualistic values. Drechsler (2000, p. 269) finds that the 'somewhat extreme libertarianism' to be found in Estonia is an 'unsurprising reaction against the soviet past and finds resonance in Estonian's predisposition to individualism and to a historical distrust of the state'.

Although this neo-liberal mindset of the politico-administrative elite has also meant a high receptiveness to the ideas of NPM (Drechsler (2004, p. 391) even claims that Estonia is 'one of the CEE countries closest to NPM models'), with regard to the administrative structure the impact is not so straightforward. The reforms undertaken can rather be summarized as down-sizing and trimming of the system with agencification appearing mostly as a response to the pressures of acceding to the EU. Nevertheless, this dominating neo-liberal worldview has had a strong influence on the way the state and its development have been perceived in Estonia. The elite's belief in the 'lean' state and the narrow focus on micro-level efficiency have led to the reluctance towards investing into coordinating functions (often discerned as 'doubling' the work) and administrative development more generally. As resumed recently by OECD (2011), 'the apparent ambivalence of politicians and administrative leaders regarding reforms seems to reveal a lack of shared understanding about the role of the public administration for ensuring Estonia's future'.

4. Conclusion

Estonia operates a decentralized administrative system. A central trait of it is its reliance on ministerial responsibility. Such a decentralized arrangement has shown both considerable strengths and considerable weaknesses. On the one hand, there is clear accountability for certain policy fields, accumulation of professional knowledge and less need to spend resources on coordination. On the other hand, problems related to a segmented administrative system have become more and more evident – there are difficulties related to solving problems that engage several areas of governance, policies are not coherent, and solutions to the ‘wicked issues’ get postponed.

The aim of this article was to find out how and why such a decentralized administrative structure has formed in Estonia during the 20 years of regained independence and transition to democracy. The applied approach to the organizational change can be defined as ‘transformative’ – it was expected that changes in the structure of the public sector were born in a complex interplay between conscious and planned strategies of political and administrative leaders, cultural-historical features and reform pressures originating from the external context of organizations. The goal was to explain how they have combined in the case of Estonian administrative development.

It was found out that over the two decades of development, specific factors have combined in favor of specialization over coordination. This can be summed up in two points. First, the aim of overthrowing the legacy of centralized soviet public administration by introducing considerable decentralization, the following institutionalization of the decentralized system in combination with the sectoral approach of the EU and the organization of the Estonian accession process in a way of dividing the issues between ministries according to their mandate have contributed to the development of a public administration with strong ministries having considerable leverage over the issues falling to their areas of governance. Second, the neo-liberal worldview of Estonia’s politico-administrative elite and its inclination towards a lean state and down-sizing as a measure to promote performance have led to the reluctance towards investing into coordinating functions and administrative development more generally. Nevertheless, understanding the need for coordination has been accumulating in time, and with ‘whole-of-government’ initiatives being the international vogue, there is growing attention to it also in Estonia.

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Article IV

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Comparative Analysis of State Administrations: The Size of State as an Independent Variable

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ABSTRACT

The focus of this paper is on the institutional structure of public administration. A comparative analysis of administrative structures and their functioning helps to explain the processes of public policy-making and implementation both on the national and international levels. Although the number of cross-national studies is growing, there is little research adopting the size of a state as a possible variable. To fill in this gap, the paper aims to explore how the size of a state can influence its institutional structure and politico-administrative behavior by looking into the literature that can be assembled under the label of "small state studies". It is concluded that there seems to be support for the idea of "the continuum of size", and five traits of smaller state administrations can be brought out. These are limited scope of activity, multi-functionalism, reliance on informal structures, constraints on steering and control, and high personalism. Implications of the findings are discussed.

Key Words: comparative public administration, small states, administrative structure.

1. Introduction

In a recent lecture held at Tallinn University of Technology, an Estonian ex-minister of Social Affairs recalled that he was a kind of super-minister when meeting with his colleagues in Europe as the same area of responsibility (health, labor, pensions, social security, family, equal opportunities) was usually covered by three different ministers in other states. Within the same series of lectures, the top executive of a government foundation responsible for advancing Estonian economic development made an observation that he did not know any partner organization in other European countries that would have covered so many economic sectors and fields (besides industrial development also foreign investment, tourism, regional development and civil society). Both executives related such multi-functionality to the small size of the Estonian state and its limited resources.

The previous examples allow one to hypothesize that administrative structures in a small country can be expected to differ from administrative structures in a large

country. That would be an important finding as institutional structure has a major impact on a state's performance. For comprehending the processes of public policy-making and implementation in a particular country, it is important to analyze the way the respective political-administrative system is organized, how it is structured and how it functions. Those participating in the policy processes act on behalf of formal organizations. The organizational forms and their modes of operation create constraints and possibilities on actors' use of discretion and as a result affect both the content of public policies and the ways these are implemented (Christensen et al. 2007).

Nevertheless, the size of states is a rare variable in institutional analysis and comparative public administration, which usually try to find explanatory factors from the political system, the politico-administrative culture, task characteristics or internationally rationalized management recipes. To fill in this gap, the aim of the paper at hand is to explore how the size of a state can influence its institutional structure and politico-administrative behavior, whether there are absolute values from which on the size starts to be relevant and what implications this could all have for the international comparative research on public administration. For finding answers to these questions, the literature that can be assembled under the label of "small state studies" is examined.

2. Theory on small states

A researcher committed to the aim of finding out how the size of a state can influence its institutional structure finds out quickly that "small" is a very relative concept. It depends on the perspective and the other side of the comparison. There are studies on "small" states like the Netherlands, Belgium, Austria or Finland that can be characterized small in the context of Europe, especially in the European Union before the last big enlargement (see e.g. Katzenstein 1985; Thorhallsson 2000; Kickert 2002; Tiilikainen 2006). On the other hand, there is quite a voluminous literature on small island states, mostly in the Caribbean and the South Pacific, the majority of which can be characterized not simply as small but as microstates (e.g. Bray and Packer 1993; Sutton 2006; Sutton and Payne 1993; Commonwealth Secretariat 1987).

In this context, it is not surprising that almost every discussion on small states starts with the issue of definition. From the perspective of political science, there are basically two streams in the studies, the first focusing on small-state behavior in the international arena (see Ingebritsen et al. 2006 for a collection of influential texts) and the other on their special constraints and advantages in maintaining statehood at home (e.g. Baker 1992a). Respectively, these research streams rely on different definitions. The interest of scholars of international relations is mainly in small states as "small powers", defining them through simple negation (those states that are not great powers), in terms of capabilities (limited possession of power resources, e.g. population, area or GDP) or in relative terms (those states that are not able to change the present power configuration and conditions for policy-making on international level) (Thorhallsson and Wivel 2006; Neumann and Gstöhl 2006). The focus on small states as small powers allows for a very flexible approach to the countries being studied, making "small" dependent on the other part in the comparison or even

possibly equal to “weak”. Although small states’ behavior on the international level could be expected to also be influenced by institutional configuration at home, there is surprisingly little research on that. Of the few examples, Neumann and Gstöhl (2006, 11-12) refer to East (1973), whose research on foreign policy rejected the assumption that small-state behavior is the result of the same general processes of decision-making that are found in larger states. Instead, different institutional solutions for carrying out foreign policy were found.

The second perspective concentrating on the issues of statehood is usually engaged in finding more absolute criteria for defining “small”. The focus being on the question of when the scale makes a difference? The most wide-spread criterion chosen within this stream is the size of a state’s population (see e.g. Baker 1992a; Randma-Liiv 2002). Small states have most commonly been defined as those states with a population of 1 million or less (Raadschelders 1992, 27). Recent studies by the Commonwealth Secretariat and the World Bank have employed the boundary of 1.5 million (Crowards 2002, 145). There are also attempts to give more objective categorizations of states by combining population with other characteristics like area and GDP (see Crowards 2002). A few studies have set the cut-off point higher, e.g. to 3 million people (Armstrong et al. 1998, referred to in Crowards 2002, 145).

However, every such definition is arbitrary. Small states are characterized by enormous diversity (Baker 1992b, 5) and thanks to the “combinatory complexity” (Nielsen 1999, referred to in Pirotta et al. 2001, 155), it is very difficult to say what function the size exactly has. The picture is complicated by other variables such as culture, geographical location, area, wealth, historical background and institutional fidelity (e.g. Bray and Packer 1993, 231; Sutton 1987). Furthermore, most of the states analyzed within the second stream are not only small but also developing which brings in special problems of public management and institutional performance (see e.g. Randma, 2001).

Although these reservations are recognized by the students of small-country statehood, they still share the standpoint that the scale does make a difference¹. Bray and Packer (1993, 37) argue that although small states are very different, it is possible to identify some common political, economic and social patterns. Raadschelders (1992, 28) refers to the seminal study by UN Secretariat (1971), which found that small states had several common administrative problems which were aggravated by their size. It follows from this perspective that small states are likely to present some common institutional characteristics regardless of their other traits. Although the view of what is a “small state” is quite different within the international relations perspective, there is a common understanding there, too, that the scale matters.

It was argued above that within the stream of international relations, there are very few studies that would approach the states’ foreign-policy behavior through their domestic institutional structure. Nevertheless, there is a highly interesting book by Thorhallsson (2000) on small states in the EU that offers some insight in that

¹ See e.g. Pirotta et al. 2001, 155; Bray and Packer 1993, 230; Raadschelders 1992, 32; Farrugia 1993; Randma-Liiv 2002.

respect. Thorhallsson is led by the question of whether the small size of an administration affects the state's behavior in the decision-making process of the EU and if so what distinguishes it from the behavior of larger states. He compares seven smaller EU states (Denmark, Ireland, Belgium, Portugal, Greece, the Netherlands and Luxembourg) with five larger states (Germany, France, the United Kingdom, Spain and Italy) based on a research framework that seeks to analyze whether the special characteristics of smaller states brought out by Katzenstein (1985; strong corporatism and concentrated economic interests) influence their approach in the decision-making process of the EU in the areas of the Common Agricultural Policy and the Regional Policy. Thorhallsson comes to the conclusion that a new variable – the size of the state's administration and its characteristics – should be taken into account:

The characteristics of the administrations of the smaller states are key factors in explaining how smaller states operate in the decision-making processes in the CAP and the Regional Policy. These features are in contrast to the characteristics of the administrations of the larger states and their EU working procedure ... (Thorhallsson 2000, 221).

It follows that there seem to be special administrative characteristics both when the focus is on small states as a rather restricted category and when the focus is on states that are small or distinctively smaller in comparison to large states. The conclusion supports those who claim that it makes sense to conceptualize "a continuum of size" (e.g. Bray 1991, 13; Bray and Packer 1993, 91). In that view, the states can be expected to have certain characteristics or to present specific behavioral patterns the more one goes down the scale (size of population being the criterion). Small island states could then be treated as a kind of laboratories of smallness representing the specific traits in their full character. In the next section possible administrative traits of smaller states are discussed in more detail.

3. The impact of size on public administration

Farrugia (1993, 221) claims that it is important to understand that senior officials in small states work under conditions which are significantly different from those of their colleagues in larger states, even if their official titles and duties appear identical. According to Thorhallsson's (2000) study, the same appears to be true for smaller states in the EU (which would be categorized as large states by many small state scholars). Based on the available literature, the size can be expected to influence public administration mostly through two mechanisms: first, through the limited availability of resources, most of all human capital, and secondly, through special social ecology.

Population is deemed to be the most relevant indicator for small-state administrations (Baker 1992b, 11-15; Raadschelders 1992, 28-29). Small population means a small number of actors involved in administration, limited possibilities for specialization and a limited pool of skilled persons to perform indispensable roles in the public service. The small size of the social field is expected to lead to a particular

social ecology composed of a closely knit community with highly personalized relationships (Farrugia 1993, 221).

Related to these two mechanisms, five traits of smaller states can be brought out based on the discussion in the literature. These five traits are: limited scope of activity, multi-functionalism, reliance on informal structures, constraints on steering and control, and higher personalism.

3.1 Limited scope of activity

The burden of independent statehood is much higher for small states than larger ones. There are certain functions that a state has to fulfill regardless of its size, from maintaining an education system to defending its interests on the international level (Baker 1992b, 7). Lowenthal (1987, 37) claims that small-state governments are both meddlesome and burdensome. Comparatively they must mobilize more administrative resources to deal with public problems. It may influence both the scope of tasks undertaken and the content of policy choices.

For instance, Bray (1991) has found in his study of the Ministries of Education in small states that there is strong pressure to prioritize. In light of the limited resources, the tasks cannot be dealt with in as much depth as would be desirable and with regard to certain functions, a decision has to be made not to undertake them at all (Bray 1991, 42-49). Often these decisions have to be taken in the face of pressure to establish organization structures comparable to large states (Raadschelders 1992, 28)². However, in a small state, every decision to promote activities in the public sector addresses the fine tradeoff between public-service excellence and competition for scarce resources with private enterprises (Warrington 1992, 229). With regard to the content of policies, sometimes the question is whether to undertake certain functions nationally or to buy them from abroad, e.g. education of certain rare specialists (Bray and Packer 1993, 49; Baker 1992b, 17).

The pressure to prioritize and the need to be very conscious about one's aims are similarly emphasized in the stream of studies focusing on small states' behavior on the international level. In practice, these express themselves in a limited number of goals pursued and a higher degree of activity in the spheres of vital interest. For example, Thorhallsson (2000, 91-93) found that if an issue discussed on the EU level is not of vital importance, a small state will give its officials some room for maneuver. Strict instructions are given in negotiations which concern the state's primary interests. This differs from the behavior of larger states that provide their negotiators with strict guidelines on all occasions. Hay (2002) argues that the limited scope of Luxembourg's foreign policy goals can be explained by the size of the state. The small size acts as a hindrance to Luxembourg's foreign-policy capabilities, and therefore only a careful selection of the most important goals is promoted.

² E.g. Baldursson (2000) brings an example of the Council of Europe's pressure to Iceland to follow the rule that women and young prisoners should be kept in separate prisons. However, this would be quite difficult to implement in a country where there is an average number of 4-6 female prisoners and 0-2 juvenile prisoners at any given time.

3.2 Multi-functionalism

The small size of states limits specialization and pressures public institutions towards multi-functionalism (Farrugia and Attard 1989; Bray and Packer 1993; Randma-Liiv 2002). It appears both on the level of individual officials as well as entire public organizations. According to Farrugia (1993), it is usual for one senior small-state official to be responsible for several sectors, which in larger countries are catered for by separate units. They have to act at the same time as top administrative executives as well as leading professionals in their particular fields. Public servants have to cope with multi-grade and multi-disciplinary duties (Randma-Liiv 2002, 377). Small states also tend to have more multi-functional ministries, as the grouping of functions gives them an advantage of scale as it provides internal access to a wider range of skills and permits more efficient use of resources (e.g. technical support staff) (Bray 1991, 40-41).

The tendency towards multi-functionalism has also been noted in the studies on small-state foreign policy. Thorhallsson (2000, 81) found that Permanent Representatives (PR) from smaller states cover more subjects within the EU than PRs from large states. They tend to be generalists rather than specialists and do not have time to specialize in particular policy fields as they have to deal with a greater variety of subjects. Furthermore, in the smaller member states, there is often no clear-cut division between policy formation and implementation, as the same officials are responsible both for negotiating directives in the Council and incorporating these into law. In the larger states, on the contrary, negotiations are exclusively in the hands of policy experts and implementation is a responsibility of particular officials (ibid., 99). Hay (2002, 220) brings out that Luxembourg's wide coverage of countries with diplomatic relationships is achieved through unusually broad portfolios of its Foreign Service officers. Although a wealthy country, the number of bureaucrats that can be devoted to foreign policy is still limited.

Such multi-functionalism has a further aspect. As put forward by Farrugia (1993, 222) "in small states it is simply essential for many people to be multi-functional and that includes mixing politics with the bureaucracy as much as it includes mixing other functions". I.e. the politics-administration dichotomy is even more difficult to maintain in smaller states than in large ones. More tolerance towards movement between the administrative and political spheres can be expected and also more of such mobility in practice (Randma-Liiv 2002; see also Hay 2002, 221; Kersell 1992, 290; Sikk 2006). As will be discussed in the following sections, in smaller states the bureaucrats can also be expected to be more influential policy-makers than their colleagues in larger states. That contributes further to the blurring of lines between administering and political decision-making.

3.3 Reliance on informal structures

Related to the constraints on undertaking a wide scope of public tasks and the need to cope with multiple functions, small-state administrations tend to rely more on flexible and informal structures in their work than larger states. The interaction between units is characterized by the lack of machinery for formal coordination and

heavier reliance on informal means of communication (Raadschelders 1992, 28). The small-state tendency to adapt structures and jobs to people rather than to fit individuals into formal organizational frameworks (Randma-Liiv 2002, 380) challenges the instrumental perspective of organization structure, which sees the norms for practices as something that exist independently of the personal characteristics of the individual holding a position (Christensen et al., 2007, 24). In smaller states, it is more difficult to apply hierarchical and strictly routine-based organization structures.

The higher informality of the working procedures is also one of the most important findings by Thorhallsson (2000, 85-90). In fact, according to him, the adoption of a flexible strategy and informal working procedures is the central mechanism that allows smaller states to cope with the increasing demands of the EU decision-making process. Thorhallsson found that in the smaller states, the direct channels of consultation and information between Permanent Representatives in Brussels and their national officials in ministries are more often on an informal basis than in the large-state administrations. Furthermore, individual officials and administrative units use their basic knowledge of what scope they have for action and what is expected of them, therefore not needing to ask mandate for every issue that comes up.

3.4 Constraints on steering and control

Warrington (1992, 228) argues that genuinely independent scrutiny of administrative processes is perhaps the most elusive goal in small states. He relates the problem to intense partisanship in political activity. However, the same issue is also brought up by other researchers, mostly in connection to the management of specialist knowledge (e.g. Randma-Liiv 2002; Bray and Packer 1993; Farrugia 1993). The institutionalization of control mechanisms demands resources prescribed for that task as well as expert knowledge. Smaller states tend to be constrained in both. As argued above, the smaller scale of a state sets limits on specialization. This applies to organizations as well as individuals and, besides multi-functionalism, it leads to the accumulation of specialist knowledge to a limited number of positions and individuals. Furthermore, constraints on resources may not allow dealing with this information asymmetry that appears in the system in ways that could be desired. For instance, several authors (e.g. Randma-Liiv 2002; Bray and Packer 1993; Farrugia 1993) argue that in small states it is possible for a person to define the post, rather than the reverse. Among other reasons, it is related to the lack of specialists to draw up specialist job descriptions. The same can be extended to the organizational level and drawing up regulations for specialized agencies.

Different configurations of steering and control have also been found in comparing the working procedures of smaller and larger EU member states. According to the study by Thorhallsson (2000, 82-84), both the Permanent Representatives of smaller states and senior officials in their domestic ministries have considerably more autonomy in handling EU issues than the officials of larger states. Smaller-state officials could often decide on their own how to proceed with problems at hand while officials of larger states always had specific guidelines for action. The ministers of smaller states limited their involvement to only highly politicized matters.

Thorhallsson (2000, 85-86) relates this autonomy to trust that is built not only on the small size of the administrations and resulting close relationships, but also upon a network of officials with a similar background, education and views.

However, there may also be more practical reasons for such autonomy. As smaller states tend to have smaller organizations dealing with specific public problems, they have to rely more on individual expertise. When many intervening management levels are missing, problematic issues will reach quickly to the very top (Bray 1991, 16). Therefore, there is an incentive built into the small systems to trust the competence of individual officials and units.

3.5 Higher personalism

A central finding of small-state studies is that these states are characterized by a particular social ecology, one aspect of which is a web of highly personalized relationships (Farrugia 1993, 221). A classical text by Benedict (1966) maintains that the criteria of scale for a society are the number and quality of role-relationships. If the social field is small, then many roles have to be played by relatively few individuals. That leads to particularistic social relations which extend over a considerable time-span and are affectively charged. I.e. another person's activities and performance are not evaluated on some more or less fixed general criteria, but on *who* he or she is. Lowenthal (1987, 35) characterizes small state relationships with the term "managed intimacy" – as their inhabitants meet over a long period of time in different role-relationships, they must get along with one another.

From the perspective of public administration, a combination of close social relationships and limited resources can be expected to lead to some specific traits and behavioral patterns. First of all, public officials have to operate professionally within a network of people with whom they are personally acquainted, related or connected. The separation of different roles (e.g. an auditor, a friend from university days and a co-member of the children's school board) may be difficult or even unrealistic (Baker 1992b, 18). On the other hand, close social relationships mean, that there is usually less distance between executives and lower levels of organizations. This direct access to the top is one of the factors that make the EU decision-making process in the smaller member states much smoother and quicker (Thorhallsson 2000, 82-83).

A further characteristic of smaller states is that their civil servants can be more influential policy-makers than their colleagues in larger states. Those who work in a small system are in a position to influence it directly, both for the good and the bad. A less institutionalized system allows for a higher degree of personal intervention and a corresponding *ad-hoc* approach to issues (Sutton 1987). On the other hand, small-state officials are more easily personally identified with specific decisions and their consequences. That may put great personal pressure on them and lead to avoidance of decision-making (*ibid.*). Finally, the higher importance of single officials in co-effect with the small pool of skilled people and specialist knowledge leads to high sensitivity of organizations to workforce mobility. An individual decision to change one's career may result in an enormous dislocation of institutional expertise and even a systemic crisis (Baker 1992b, 15-16).

4. Implications for comparative research

It was found in the previous sections that five traits can be expected to influence policy-making in the smaller states. These traits were: a limited scope of activity, a tendency towards multi-functionalism, reliance on informal structures, constraints on steering and control, and higher personalism. The analysis of the statehood and social ecology of smaller states has led several small-state scholars to the conclusion that concepts and practices prescribed by conventional public administration theory and exemplified by the Weberian bureaucratic organization have to be adapted in the small-state context (Baker 1992b; Bray and Packer 1993; Randma-Liiv 2002; see also Kersell 1992, Warrinton 1992). A Weberian bureaucracy marked by hierarchy, division of labor and routines (Christensen et al., 24) appears difficult to apply in systems that are characterized by horizontal informal relations, multi-functional jobs and a strongly felt need for flexibility.

A number of further implications for comparative research on public administration and public policy-making can be brought out based on the previous discussion. In their essence, these are theoretical or constructive claims that need to be verified by empirical studies as the research on administrative structures from the perspective of countries' size and its impact is very little so far.

- 1) There seem to be administrative traits more characteristic to smaller states both when the focus is on small states as a restricted category (e.g. with a population under 1.5 million) and when the focus is on states that are small in comparison to large states (e.g. smaller states in the EU). The conclusion supports those who claim that it makes sense to conceptualize "a continuum of size". In that view, the states can be expected to have certain characteristics or to present specific behavioral patterns the more one goes down the scale.
- 2) The perceived resource constraint on small administrations and the following tendency of public organizations to be more multi-functional than their counterparts in large states leads to several interesting issues. Christensen et al. (2007) bring out multi-functionality as one of the main differentiating factors between public and private organizations. For them, it manifests in coping with partly conflicting considerations, such as "political steering, control, representation and participation by affected parties, co-determination of employees, sensitivity vis-à-vis users, transparency, publicity and insight into decision-making processes, predictability, equal treatment, impartiality, neutrality, quality of services, professional independence, political loyalty, efficiency and effectiveness" (ibid., 7). From that perspective, the public organizations of smaller states can be characterized as "double multi-functional". Besides coping with competing considerations, they also tend to cover several policy areas and/or embrace different activities (e.g. service delivery, regulation, policy advice, research etc. See Bouckaert and Peters 2004 for a categorization). It can be expected to influence their autonomy and performance in the policy-making process. If multi-functional organizations give civil servants opportunities for discretionary judgment and a degree of freedom in assessing what considerations to emphasize (Christensen et al. 2007, 7), then double multi-functionality could increase this room for

maneuver even bigger. What impact could it have in combination with the general tendency of small-state civil servants' having more discretion due to informal structures and constraints on steering and control?

- 3) A number of issues arise if one combines the small-state tendency towards multi-functionalism with the international trend of "agencification" (see Talbot 2004). The creation of agency-type organizations is in its essence an attempt to clarify the link between tasks and roles on the one hand and formal organization structure on the other. "The ideal seems to be to set up one organization for each task" (Christensen et al. 2007, 16). However, the smallness of small states limits specialization. There is a potential conflict between small-state characteristics and the international vogue. Therefore, it would be relevant to analyze the existence and performance of agency-type units from the perspective of a state's size and to see how the recent idea of autonomous agencies has been translated to the national contexts. Is there any function for the size of the state?
- 4) If agencies form an important part of small-state administration (and often they do), then issues of autonomy and performance rise. First, the necessity of sharing time and attention as well as the need to develop adequate levels of knowledge and skills simultaneously in various areas tends to weaken the expertise of the multi-functional officials (Farrugia 1993). Second, vertical specialization diminishes the potential for political steering and control (Egeberg 1999, 166). In the small-state context, this will be amplified by constraints on resources that can be used for steering as well as by the potential lack of specialist knowledge to effectively control the subordinate units. Furthermore, as relationships within small administrations tend to be characterized by higher personalism and informality, the institutionalization of neutral control mechanisms by the supervising unit may be disturbed. Besides increasing the autonomy of agencies, the difficulties of control by the parent ministry may leave more room for it to other stakeholders, e.g. interest groups. The small-state trait of higher personalism will also give a different flavor to that issue as well as to the issue of trust within administration and in the relationships between administration and society.
- 5) The environment of public organizations in smaller states deserves further attention. Policy output normally reflects the interaction between government bureaucracies and several other institutions and organizations (Egeberg 1999, 161). From the perspective of small-state administration-stakeholder relations, it may appear that there is both a high impact of interest groups on policy-making, especially if there are few strong industrial sectors in the country, and no capable partners in the society to cooperate with. There is a tendency for government to be much more dominant in small than in medium-sized and large states (Bray 1991). That and the limited possibilities for specialization also in the market and society may constrain the development of capable and motivated partners in the private or the third sectors.
- 6) The institutionalization of organizational environment in smaller states may differ also by its ingrained values. There are several references in the literature to the special socio-cultural traits of small states. E.g. Lowenthal (1987)

maintains that besides managed intimacy, there are two more clusters of traits that tend to feature small states: conservatism and adherence to tradition, and a pervasive concern with autonomy. As the social and economic fabrics of small states tends to be more fragile than in larger states and their inhabitants share a common sense of vulnerability, risky and innovative decisions may meet with profound distrust. That, in combination with the personification of decisions, may lead to the avoidance of decision-making. In addition, people in smaller states zealously guard their statehood, and generally there is a strong sense of national and cultural identity (Sutton 1987, 18-19; Bray 1991). The latter is likely to affect the content of political choices (e.g. see the discussion of language policy in Iceland, Corgan 2004).

- 7) Egeberg (1999) brings out that those who focus on formal administrative structures do not necessarily figure out in what ways alternative arrangements might intervene in the policy processes and ultimately shape policy outputs. This claim seems to be even more relevant in the context of smaller states that are characterized by a reliance on informal working procedures and high personalism. The five traits of smaller states all point towards bounded rationality and the probability that the *logic of appropriateness* has bigger explanatory power in the smallstate context than the *logic of consequence*. Therefore, in analyzing public administration and policy-making in smaller states, due respect has to be given to values, informal structures and personalities.
- 8) The high degree of interpersonal communication and informality can be expected to have a strong impact on policy processes, both positive and negative. Factors that may facilitate cooperation may also obstruct and complicate it. Ideas and standpoints can be communicated more easily and quickly. In case of effective feedback mechanisms, policies and decisions can be revised in short time. However, necessary decisions and actions can simultaneously also be modified, adjusted and sometimes totally neutralized by personal interventions and community pressures (Farrugia 1993, 222-223). There is also the threat that disagreement on one issue may not extend only to related matters but also to totally unrelated issues (ibid.). Differences in personality may produce conflicts which are not easy to solve in small organizations and which may lead to considerable consumption of energy and time (Bray 1991, 26). Coordination and communication problems are more probable to occur because of a heavier reliance on informal means of communication and the weaker machinery for formal coordination.

5. Conclusion

The aim of the paper was to explore how the size of a state can influence its institutional structure and politico-administrative behavior, whether there are absolute values from which on the size starts to be relevant and what implications all this can have for the international comparative research on public administration. In order to find answers to these questions, the research on small states was studied. The literature review shows that “small” is a very relative concept, depending on the perspective and the other side in the comparison. Nevertheless, there seems to be evidence

to talk about a continuum of size. In that view, the states can be expected to have certain characteristics or to present specific behavioral patterns the more one goes down the scale (size of population being the criterion).

Based on the discussion in small-state studies, it was argued above that regardless of the “combinatory complexity” involved, size can be expected to influence public administration mostly through two mechanisms: first, through the limited availability of resources, most of all human capital, and secondly, through special social ecology. Related to these two mechanisms, five traits of smaller states can be brought out: limited scope of activity, multi-functionalism, reliance on informal structures, constraints on steering and control, and high personalism. Combined with organization theory and topical issues in public administration research, these traits lead to several theoretical observations that could inform further comparative research in public organizations, their structure, autonomy and performance.

The review of literature on small states showed that although there is a shared feeling that the scale makes a difference, there is actually very little information on the potential relationship between the size of a state and the operation of its administrative structures. Empirical research is almost non-existent, especially on small economically developed democratic states. Although it will not be easy to isolate the impact of size from other independent variables at play, there is reason to look more into it through comparative international research to test and develop the explanatory power of the arguments presented above.

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Article V

MacCarthaigh, Muiris, Paul G. Rones and **Küllli Sarapuu**. 2012. "Mapping Public Sector Organizations: An Agenda for Future Research." *International Journal of Public Administration* 35 (12), 844-851.

Mapping Public Sector Organizations: An Agenda for Future Research

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This article summarizes the key findings from the five mapping case studies presented in this special issue and relates them back to the conceptual, definitional, and theoretical issues presented in the opening article (MacCarthaigh & Roness, 2012). In so doing, the article considers the alternative ways in which organizational change can best be captured, mapped, and explained and the key issues to be considered when conducting such exercises. As well as identifying how the case studies have advanced the possibilities for mapping public sector organizational change over time in a cross-national context and the benefits this offers for other aspects of public administration research, the article identifies some impediments to future research and collaboration in the field and suggests ways to overcome them.

Keywords: mapping, organizational change, organizational life cycles, administrative systems, agencies

INTRODUCTION

The process of creating geographical maps—cartography— involves creating scale representations of space and territory at a given time and in a given physical context. The process of administrative mapping as examined here shares some of these goals—including the use of agreed-upon measures to capture and represent state administration at a given time. However, unlike cartography, our mapping work is dynamic and concerns changes to administrative systems over time. In addition, mapping state administrations is a nonspatial process; that is, it is concerned with the relationships (normally hierarchies) between entities, and the resources of those entities (financial, staff numbers etc.) do not accord them any particular weighting in the map. Thus, our

administrative mapping is akin to a series of snapshots taken across time, from which we can discern patterns and trends.

In this special issue we have reported some results from mapping exercises related to public sector organizations in Estonia, Hungary, Ireland, Lithuania, and Norway. Even if they constitute country-specific studies of a limited number of state administrative systems, they emerge from a wider international research network on public sector organizations. As with the analysis of autonomy and control of state agencies, which was primarily based on common national surveys (see, e.g., Verhoest, van Thiel, Bouckaert, & Læg Reid, 2012), the intention is to expand the range of cases and conduct more detailed comparative research on longitudinal continuity and change in public sector organizations in the future.

The contributors to this special issue have used a variety of data and selected different time periods in order to analyze the nature of organizational change over time. Moreover, whereas some countries have been the subject of much scholarship in the field of public administration, others are more

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scarcely investigated. Even though the development of the Norwegian state administrative system has been the subject of much analysis (e.g., Lægveid, Rolland, Roness, & Ågotnes, 2010; Lægveid & Roness, 2003), Rolland and Roness (2012) present new insights into that system by analyzing the complete post–World War II period and the policy areas in which public organizations have operated. Comparatively less is known about the Irish administrative system, but MacCarthaigh (2012) seeks to address this by identifying key developments over its ninety-year existence and the changing contours of the state administrative system.

The country studies of Estonia (Sarapu, 2012), Lithuania (Nakrošis & Budraitis, 2012), and Hungary (Hajnal, 2012) examine organizational change after 1990. They expand considerably our knowledge of Central and Eastern European (CEE) countries, where the focus has tended to be on the development of political institutions and systems rather than their systems of public administration. At the same time, these countries have recently gone through overwhelming structural transformation that raises many theoretical and methodological issues about the nature of public sector organizational change. The articles also range in focus, from the Irish study's holistic approach, focusing on the effects of change on the administrative system as a whole, to the examination of the movement of functions between organizations in Hungary. The articles also provide some new insights as to how the administrative systems of small states respond to wider environmental challenges.

In the introduction we surveyed the development of the field and discussed some conceptual and definitional issues concerning what are (different types of) public sector organizations and what are (different types of) organizational change (MacCarthaigh & Roness, 2012). These discussions are to some extent based on previous attempts at classifying organizations and change events (e.g., Hardiman & Scott, 2010, Hardiman & Scott, 2012; Rolland & Roness, 2010, Rolland & Roness 2011; Roness, 2007). Even if not all conceptual and definitional issues have been solved, or may be solved, the introductory discussion forms the basis for the country-specific mapping exercises. Moreover, in the introduction we pointed at different theoretical perspectives that might be employed in explaining organizational change. Even if they have not been used systematically and in a similar way in all country-specific studies, the findings from these studies may tell us something about what determines organizational change in state administrative systems.

In this conclusion we will point at some of the results from these mapping exercises. What do they tell about the relevance of conceptual and definitional issues and theoretical perspectives? Are there any common threads across countries, or are these issues and perspectives primarily country specific? We will also discuss how and to what extent the common threads may form an agenda for future research that we believe holds potential for significant contributions to the study of public sector organizations.

CLASSIFYING PUBLIC SECTOR ORGANIZATIONS AND CHANGE EVENTS

Each of the country studies presented here have emerged from a wider international research network. And in each case, reference is made to categorizations that have emerged from these cross-national efforts as identified in MacCarthaigh and Roness (2012). In particular, the categorization developed by van Thiel (2012) for distinguishing between different types of public sector organizations by identifying increasing degrees of structurally devolved forms has provided a useful template. Categorizations used by the Organization for Economic Development (OECD, 2002) have also proved instructive in other cases where distinctions are made between organizations according to a number of criteria, including source of funding, legal form, and degree of political control. Most of the case studies, however, identify the importance of legal form as a tool for differentiating between organizations in their respective states.

The UN's classification of the functions of government, or COFOG categorization, has been utilized in the Norwegian case to illuminate variety across administrative organizations over time. However, as Rolland and Roness (2010) identified, the utility of the ten COFOG categories lies less in their identification of the functional tasks performed by organizations (regulation, advisory, etc.) and more so in the policy domains (agriculture, economic affairs, etc.) they attribute to organizations. As an internationally recognized categorization, however, COFOG remains a useful starting point for cross-national comparison.

The Irish State Administration Database (ISAD, cf. Hardiman, MacCarthaigh, & Scott, 2012) also codes public organizations by COFOG categories, though they are not presented in the case study that forms part of this special issue. Instead, an alternative categorization has been developed that focuses on the issue of task by building on Dunleavy's (1991) bureau-shaping model, which also presents ten different task options. This functional categorization has allowed for a much enhanced analysis of the Irish administrative system, but more testing of its application to other administrative system is needed to determine its utility for comparative research.

For all other country studies, various efforts have been made to distinguish between the policy fields in which public organizations operate and to identify which policy fields were more subject to organizational change. And though the primary focus of this special issue is on the forms of organizational change adopted over time, there is considerable scope for greater examination of the relationship between changing political priorities and the choice of organizational forms adopted in those fields.

An important question for any attempt at classification of public organizations is where a boundary might be drawn between state and non-state and having the capacity to capture boundary-crossing. Examining organizational

emigration from and immigration to the public sector can point the way to great theorizing as to the role of state administrations over time and the role of political preferences in determining the shape of administrative systems. Of course, the boundaries of the state itself are ambiguous and blurred, and the specification of where we draw the boundary lines is necessarily contestable.

An alternative approach that has been developed in the context of the Norwegian State Administration (NSA) database is the positioning of organizations within a wider hierarchy (cf. Rolland & Roness, 2010; <http://www.nsd.uib.no/civilservice>). By comparing the arrangement of the hierarchy at different points in time, the centralization and decentralization of organizations to different levels over time can be traced. In addition to this vertical dimension, the Norwegian database has coded organizations along a horizontal dimension by recognizing different types of organization at each level and the distribution of tasks between them. Mapping in this hierarchical manner may not be possible in other administrative systems, however, where such organizational demarcations are not clear.

Therefore, in order to develop more generalizable models for comparison, what emerges from our work is the limiting nature of any single classificatory system and the need instead to think of multiple dimensions (and consequently categorizations) of what determines state-ness. By extension, we must also envisage different types of public organization and the multiple ways in which public power can be exerted. By using more flexible models, we can more readily capture and understand the complexities and vagaries of national administrative systems.

The issue of state size is also important—the country studies presented here cover unitary states, with four of them having populations of less than five million. In larger and federal jurisdictions, tracking organizational change becomes more problematic. Equally, the quality of record-keeping is an integral part of historical mapping, and work for several of the case studies (e.g., Estonia, Hungary, Ireland) identify that it may not always be possible to obtain quality records disclosing change events.

Central to the concept of mapping is not just the identification of state organizations but also capturing the life cycle of those organizations and the reasons for changes in that life cycle. In relation to the different categories of organizational change, our starting point has mirrored that of previous scholars in the field. Based on ideas from the literature of population ecology in organization theory, three types of organizational change are discernible throughout the articles in this special issue: birth events, survival events, and death events. However, as the country studies reveal, it is necessary to further distinguish between the different types of birth, survival, and death events, and the contributors have each identified how they have sought to handle diversity in organizational change. This is not an easy task: as the article by Hajnal (2012) points out, there are particular

methodological difficulties in distinguishing between different types of events. He argues that what we classify as a change (in particular, as a birth or termination) can determine what is or is not considered to be a new organization, which in turn affects our population count of agencies.

MacCarthaigh and Roness (2012) identify the different event types used in the Norwegian and Irish databases. Though the Irish database uses almost half the number of event types as the Norwegian database (twelve as opposed to twenty-three), it more closely integrates the relevant events with the associated organizations (or units) such that it provides a relational database. The article on Estonia has adopted the detailed classification scheme developed in Norway and presented in that case study, and the article on Lithuania utilized the change event scheme developed to capture change in an Irish context. Though the approaches are slightly different, they both still open up to greater and more detailed scrutiny the nature of organizational change in response to domestic and wider environmental forces.

In general, the case study articles identify that organizational foundings from preexisting organizations (secessions and splits) and terminations into other organizations (absorptions and mergers) are more common than pure foundings and terminations. For example, in Norway, though there were more than twice as many pure foundings than foundings based on existing units, there were four times as many terminations into existing units than pure terminations. This is true also in the Irish case where those periods in which straight-forward organizational births or deaths occur are usually the same periods when more complex births from preexisting organization as well as mergers and absorptions of organizations occur. In other words, periods of increased change event frequency are characterized by variety in the types of change taking place.

Adopting a deeper interrogation of what exactly constitutes a change event, the Hungarian case study presents the first attempt to systematically use event history analysis and survival functions in a European public sector context. In so doing, it poses some challenges to the findings of the other articles concerning autonomy and the likelihood of termination. This brings us to the other main issue informing the articles in this special issue—how we might best explain the occurrence of organizational change.

EXPLAINING ORGANIZATIONAL CHANGE

The academic literature on organizational change in the public sector offers several ideas and perspectives for explaining the birth, survival, and death of public organizations. Nevertheless, there remains considerable room for supporting these ideas with analyses of actual longitudinal continuity and change. Few studies exist that systematically explore the changing shape and character of state administrative systems (cf. Bouckaert & Peters, 2004). The articles in

this special issue have provided several relevant and original insights with regard to this topic.

The central questions of explaining organizational development revolve around the relationship of structural, cultural, and environmental factors in inducing organizational change. The way they combine in time must be in focus both when one analyzes the structural change of whole administrative systems (e.g., comparing states) and when concentrating on the developments at the level of individual public organizations within states. Different perspectives emphasize different factors and accord more weight to one or other of them—either structure, culture, or environment. However, there is considerable scope for learning how the combinations work in practice, when one or other type of the factors gains prominence.

On the level of states and whole administrative systems, the impact of environmental factors has gained considerable attention. Here the question revolves around the institutional isomorphism and alleged convergence of state administrative systems under international pressures. From the articles in this special issue, three central international factors at play emerge—the spread of international management doctrines (and most of all new public management [NPM]), membership in and accession to the European Union (EU; Europeanization), and the global economic crisis. All of them are expected to have significant influence on national administrations.

The evidence that international reform doctrines result in similar structural reforms within public administration is weak. In the Norwegian case, it is found that periods of significant agencification preceded NPM and the decline of agencies started well before post-NPM doctrines on despecialization (Rolland & Roness, 2012). In the Estonian case, the reforms have been completely different from NPM-type structural reforms and can be, instead, characterized as de-agencification and consolidation of the structure (Sarapuu, 2012). In Lithuania, we also find significant departure from ideal-type NPM models (Nakrošis & Budraitis, 2012). Nevertheless, in Ireland, a period of rapid agencification took place in accordance with the predictions of the convergence perspective (MacCarthaigh, 2012). The findings point toward the importance of the domestic structural conditions and, most of all, national reform programs and political preferences in understanding administrative reorganization.

The same argument can be made when looking at the evidence on the impact of the two other key international factors mentioned above—the global economic crisis and EU membership. Although the global economic crisis with its intensive pressure on governments appears as the defining feature of the international environment in the end of 2000s, its impact on the administrative systems has not been equal. Although the effect of the crisis and, first of all, its pressure to reduce the size and cost of the state is more or less pronounced in the case of four countries represented in this issue—Estonia, Hungary, Ireland, and Lithuania—it

does not appear as a prominent issue in the Norwegian case. Similarly, the factor of accession to the EU emerges as a critical driver of change in the context of the CEE countries (Nakrošis & Budraitis, 2012; Sarapuu, 2012) but does not have such a momentous role in the case of administrative change in Ireland or Norway.

The differential impact can be related to the specific characteristics of domestic contexts. Whereas Norway has been largely intact from the crisis due to its large reserves of oil money and specific characteristics of its economic system, in the case of the CEE countries, the big role for the EU conditionality can be related to the post-communist restructuring of their administrative systems and ongoing institutionalization processes that allowed the EU (and other international actors) to have an influence that would not have been feasible in established democracies with their entrenched values and working practices. Altogether, it can therefore be concluded that despite the shared environmental pressures, the state administrative systems retain distinctive structural and cultural features that define them over time and that moderate the environmental pressures.

The most important role among the domestic structural features is accorded to the political opportunity structures, the turnover of governments, and the particular party constellations in government. For instance, Nakrošis and Budraitis (2012) found a link between the turnover of governments after a large change in the parliamentary majority and the intensity of organizational changes in Lithuania. However, it is not clear whether specific configurations result in preferences for different types of reform. Rolland and Roness (2012) found that party constellations in government are only to some degree reflected in organizational change in the Norwegian state administration. In Estonia, the domination of neoliberal political forces in the government has not resulted in NPM-type agencification within the administrative structure (Sarapuu, 2012). It is also not always clear to which extent and under which conditions the intended reform programs lead to actual changes. For example, Nakrošis and Budraitis (2012) note that despite three initiatives of government-wide organizational reforms in Lithuania, the systemic effect on the agency landscape was produced only by the last of them. It was the stability of the Lithuanian government 15 that ensured continuity in the implementation of its reform program. Here, an institutional approach to public sector organizations can be of explanatory value. In addition, the potential influence of political preferences and reform programs could be analyzed against the background of the wider politico-administrative systems with their specific structures and cultures that either support the political elites in their reform endeavors or hinder them.

Among other characteristics, the form and extent of specialization along the horizontal and vertical dimensions of the administrative structure offers potential for a better understanding of the direction of political reform programs. For example, as with other Nordic states, the

Norwegian state administration employs a high degree of task specialization (Rolland & Roness, 2012). In addition, the variety of organizational forms is more limited than in the Whitehall systems. As evidenced in the Irish case, Whitehall systems allow for a wide variety of organizational forms and comparative ease with which organizations can be created to meet particular political or administrative needs (MacCarthaigh, 2012).

These politico-administrative systems provide politicians with very different playgrounds with regard to the implementation of potential administrative reform programs and may explain, for example, the rate of NPM-type agencification or post-NPM de-agencification. The importance of the form and extent of specialization becomes evident also in the case of CEE countries where, for example, the high level of specialization of the administrative structures inherited from the post-communist predecessors provided politicians with very different conditions for reform than in the Western democracies (Sarapuu, 2012). In the CEE case, frequent reversals in the trajectory of structural reform can be related to the absence of a clear agency model (Nakrošis & Budraitis, 2012) or where the adoption of regulation on the structural features of the agencies has been induced by previous unregulated growth of government organizations and units (Hajnal, 2012).

The characteristics of the administrative structure are also important when focusing on the changes in the level of individual public organizations and analyzing their life cycles and longevity. Formal structure determines the ease with which the organizations are subject to redesign or reorganization. As the country studies in this special issue identify, some state organizations appear to be more susceptible to reform than others. For example, in the Norwegian case, some types of organization were rarely terminated, such as integrated civil service organizations (Rolland & Roness, 2012). A similar conclusion can be made on the basis of administrative restructuring among the Estonian ministries and government agencies (Sarapuu, 2012). By way of contrast, however, Hajnal (2012) found that the stronger the legal and structural insulation of agencies in Hungary, the higher their risk of termination or subjection to reorganization. That finding deserves further analysis and contextualization. In addition to confirming the importance of the legal form, Kaufman's (1976) suggestion that public organizations gravitate toward legal forms that offer more security from arbitrary abolition by government seems to be borne out. For example, in the Irish case, a large portion of the organizational redesign occurring between 1990 and 2010 was due to the conferring of statutory authority on formerly nonstatutory bodies, which provided organizations with greater legal autonomy and protection from arbitrary political decisions (MacCarthaigh, 2012).

The case studies lend support to the argument that the task and policy field matter in terms of organizational longevity. In the Irish case it was found that agency terminations

were more likely to occur in those organizations that were involved in the provision of advice to government and in direct service delivery. In contrast, there were few termination events relating to those organizations involved in adjudicatory (grievance-handling) activities, contracting of services, transfers of funds, or taxing matters (MacCarthaigh, 2012). In Lithuania, the process of agencification was not even across policy areas but differed in time and pace (Nakrošis & Budraitis, 2012). However, none of the country contributions to this special edition identify a national preference for particular types of organizational change. Instead, we find that event types occur rather randomly and in no particular order. Major administrative reorganizations can thus involve pure foundings and terminations in tandem with changes to preexisting organizations. Altogether, in interpreting these findings, it has to be kept in mind that the variation in goals, tasks, and identities of existing public sector organizations may provide for differences concerning the prevalence of organizational forms and the types of organizational change.

The country case studies in this special issue have provided very relevant new information with regard to explaining the change and continuity of public sector organizations. They have also indicated that this field of study can benefit from extending the conceptual toolbox of researchers. For example, the article by Rolland and Roness (2012) usefully adopts the concepts of state *construction*, *deconstruction*, and *reconstruction*. The articles on Estonia and Lithuania identify how the administrative structures of those states were deconstructed following the regime change and then reconstructed to meet the demands of EU accession. In Ireland, a longer period of state construction from independence in 1922 was followed by state reconstruction during the economically prosperous period between 1990 and 2008, only for a period of deconstruction to begin as a result of economic crisis. In Hungary, too, we find evidence of state deconstruction. In a similar vein, examining organizational *emigration* from and *immigration* to civil services (Rolland & Roness, 2012) can point the way to better theorization of the role of state administrations over time and the role of political preferences in determining the shape of administrative systems and according importance to different tasks. Furthermore, the Irish focus on the evolution of state's functions with its suggestion for the emergence of an adjudicatory state directs attention to the potential of the longitudinal analysis to contribute to the knowledge on the changes in the role and types of the states over time.

Last but not least, the discussion on explaining the organizational change has demonstrated that there is much that organization theory can offer to the discipline of public administration. The analysis of the life cycles of individual organizations facilitates learning about the development of state administrative systems as a whole. Furthermore, the application of research from population ecology with its focus on the adaptation of organizations and the ability of the

environment to support specific populations of public sector organizations can offer new insights for explaining the change of administrative systems. For example, the argument that the development of the Estonian public administration has been influenced, among other things, by the small size of the state with its constraints on the resources available to the public sector matches well with the central notions of the population ecology perspective.

FUTURE RESEARCH

The single greatest obstacle to further cross-national research concerning longitudinal continuity and change in public sector organizations is the absence of a uniform definition of what constitutes (different types of) public sector organizations (Bouckaert & Peters, 2004; van Thiel, 2012). And notwithstanding the efforts of contributors to this special issue to more closely align their research focus, terminological and methodological problems persist when seeking to determine what constitutes organizational change and how we might usefully map it. However, we believe that the articles in this special issue advance in no small way the field of organizational life cycle mapping by presenting new empirical findings, methods of capturing change, and avenues for further inquiry.

Adam, Bauer, Knill, and Studinger (2007) usefully identified some deficiencies with regard to research design in respect of organizational termination in public administration: (a) selection bias toward U.S.-based organizations, (b) lack of comparisons across countries, (c) lack of comparisons across time, and (d) lack of comparisons across subpopulations. The contributions to this special issue counteract the first challenge, and a number of the articles also challenge the third and fourth perceived deficiencies. However, the second deficiency is one that must clearly be attended to more closely in the next stage of research.

Bouckaert and Peters (2004) discussed some problems in the study of agencies, including limited and nonrandom samples. The Comparative Public Organisation Data Base for Research and Analyses (COBRA) and Comparative Research Into Current Trends in Public Sector Organization (COST-CRIPO) networks have made considerable efforts to address these issues and to advance the field (cf. Verhoest et al., 2012). Surveying the outputs of these and other networks, Verhoest and Læg Reid (2010) identified that the principal challenge for future research in the field involves developing more systematic comparative studies over time that consider cross-national, administrative-level, and policy area differences. They also identified the need for quality data to progress this work, as well as to analyze the dynamics informing reform and change and the short- and long-term effects of major structural reform programs.

We find that current classifications for capturing organizational change and life cycles are predominantly country

specific or population specific, and a more encompassing classification of change events that can travel across administrative systems is necessary to advance the field. The articles presented here identify some of the pitfalls to be avoided in this endeavor and also some of the avenues that offer most promise in achieving a robust scheme for within-country as well as cross-country research. As well as having classification schemes, the quality of data sources (and particularly pre-digital age data) available to researchers will determine in large part the range in time for which observations can be made. As several of the articles identify, in post-communist states, the data sources are relatively recent and not always comprehensive. Hence, the Hungarian case study only covers the period 2002–2009. In the Irish case, uncovering data for the early decades of the state's existence required several years of primary research, including archival searches. By contrast, the development of the Norwegian database was facilitated by high-quality and consistent records available since the postwar period.

With respect to change events, this special issue has sought to go beyond simple dichotomies concerning the life and death of organizations by distinguishing between different types of births, survival, and deaths of organizations. Even if, as outlined by MacCarthaigh and Roness (2012), the change event types used in the NSA database and the ISAD are specified somewhat differently, they are defined in ways that make comparisons across states possible and may form a basis for more comprehensive comparisons in the future. As for the NSA and the ISAD, other country-specific databases must also be constructed in a relational and dynamic way that makes analysis of longitudinal continuity and change possible. To a considerable extent, this is the case for the Estonian, Hungarian, and Lithuanian databases employed in this issue.

Another avenue for potential researchers in the field of organizational change concerns the organizational forms that are addressed. On the one hand, there is the possibility to gain more comparative knowledge on the formal organizations that are covered by the typologies used in the case studies of this special issue (e.g., OECD, 2002; van Thiel, 2012). On the other hand, there is still very little systematic research on the more fluid organizational forms that frequently emerge within administrative systems. Here we refer to the temporary units, networks, and partnerships, public-private partnerships, and other trans-boundary arrangements that are often used to overcome institutional boundaries or to join-up policy programs and that play a very important role in the exercise of state power. Such organizational forms can be distinguished from the non-temporary formal units at the national/state level, which this special issue has concentrated on and which still need to be covered with systematic classifications and research.

With regard to theoretical perspectives for future research, Adam et al. (2007) have identified several factors or determinants of change that should be examined. The

case studies in this special issue have indicated the need to address these factors of change in a comprehensive way—there is still a considerable room to find out how those determinants of change that seem to have the greatest weight in influencing the longevity of public sector organizations (e.g., political turnover, pressure from surrounding environment, or budgetary constraints) work in the context of other circumstances. In other words, future research could, among other things, focus on the specific factors of organizational change, either structural, cultural, or environmental, and analyze their function in time in combination with the other critical traits of the politico-administrative system and international environment.

Verhoest and Lægreid (2010) also pointed to the need to develop an appreciation of the multiple driving forces at play in determining the changing structures of public administration systems and how many of the broad generalizations concerning the reasons for administrative reform do not tally with empirical findings. This is particularly the case in attempting to understand the changes underway in the contemporary period, in which the reforms are multidimensional and seek to build on previous reforms in order to meet new objectives and values. Thus, though mapping exercises provide a means for putting a frame or context around the development of a state administration, for deeper comprehension it is also necessary to engage in more theoretical development that can help us understand why these change occur.

Engaging in more theoretical development would also facilitate improving our knowledge concerning the functioning of the most intriguing of the explanatory factors of the continuity and change of public organizations that often works as the mediator for the others—the strategies and reform programs of the political elites and their ability to bring about expected change in the face of institutional resistance and resilience. In doing that, the characteristics of individual organizations must be taken into account as well. As argued by Verhoest, Roness, Verschuere, Rubecksen, and MacCarthaigh. (2010), for example, the type of task undertaken by an organization, or its policy field, appears as a critical factor in shaping its autonomy and interference from political leaders or parent departments, therefore constituting important variables in the future research.

In conclusion, we are persuaded of the importance in mapping public sector organizations and change events as a necessary first step toward more comprehensive analysis of public administration over time and across countries. For scholars of public administration, there is a clear argument that the structure and organization of central government is important in determining how decisions are made. A robust mapping agenda would facilitate greater exploration of the link between changes in organizational structure and other types of resources (e.g., financial, staff numbers) and what the public sector organizations do. Thus, the mapping exercises constitute an infrastructure where other types

of information may be linked. For example, in the Norwegian database, in addition to information on policy area (COFOG classification for all organizations for the whole period) and task portfolio (for all state agencies in selected years, 1989, 1999, 2009), there is also available information on staff resources for each year from 1998 onwards, as well as plans for including information on the contact patterns for ministries and state agencies (based on questionnaires to civil servants from 1986, 1996, and 2006). The Irish database also caters for financial and personnel resources with a view to determining more comprehensively the true cost and size of the administrative state over time.

Last but not least, mapping public sector organizations and change events can considerably contribute to other issues of relevance in the analysis of public administration. For example, Verhoest and Lægreid (2010) discussed the relationships between proliferation and coordination, autonomy and control, and performance and results of public sector organizations. In the collaborate endeavors on analyzing the interplay and dynamics of organizational factors in public administration, mapping exercises offer great potential to supplement case studies of particular (types of) organizations or policy fields. We also believe that such exercises deserve a greater focus in their own right. It is our aspiration that the articles contained in this special issue will play a role in the development of this exciting and rich aspect of public administration research.

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3. Education and academic degrees

2001-2007 University of Tartu, Department of Public Administration;
PhD program in public administration and public policy

1998-2001 University of Tartu, Department of Public Administration;
Master of Arts in public administration *cum laude*

1999-2000 Katholieke Universiteit Leuven (Belgium), Institute for
European Policy; European Master of Public Administration
program (visiting student)

1994-1998 University of Tartu, Faculty of Social Sciences; BA in
sociology and BA in public administration *cum laude* (BA
degrees equivalent to Bologna Master's degree)

4. Language skills

Estonian	native language
English	C2 proficient
French	B1 intermediate
Russian	B1 intermediate

5. Employment

- 2007-... Tallinn University of Technology, Ragnar Nurkse School of Governance and Innovation; Research Fellow
- 2003-2007 Estonian Government Office, Department of Public Service; Deputy Head of the Department
- 2002-2003 Estonian Government Office, Department of Public Service and Personnel; Adviser
- 2001-2002 Estonian Ministry of Education, Division of Personnel; Senior Expert

6. Scientific projects

- 2012-2015 Estonian Science Foundation grant no. 9435 “The Impact of Economic Crisis on Public Management: The Case of Estonia”; Principal Investigator
- 2011-2014 FP7 research project “Coordinating for Cohesion in the Public Sector of the Future” (COCOPS); Principal Investigator
- 2008-2013 Estonian target financing grant no. SF0140094s08 “Public Administration and Development in Small States”; Principal Investigator
- 2008-2011 Estonian Science Foundation grant no. 7441 “Governance of Executive Agencies and Public-Private Partnerships: Coordination and Control in the Estonian Public Sector”; Principal Investigator
- 2007-2011 COST Action IS0601 “Comparative Research into Current Trends in Public Sector Organisation – CRIPO”; Principal Investigator

7. Academic administration

- 2008-... Tallinn University of Technology, Ragnar Nurkse School of Governance and Innovation; Program Director for the Executive Master of Public Management Program

- 2007-... Tallinn University of Technology, Ragnar Nurkse School of Governance and Innovation; member and vice-chairman of MA defense committee
- 2012-2013 IRSPM 2013, panel “The Governance of ‘Wicked Problems’: Emerging Coordination Practices in Public Administration”, co-chair of the panel
- 2011-2012 NISPAcee and EGPA 5th Trans-European Dialogue, Budapest, Hungary, 2-3 February 2012; member of the organizing committee
- 2007-2008 NISPAcee and EGPA 1st Trans-European Dialogue, Tallinn, Estonia, 30 January-1 February 2008; project manager

8. Defended theses

- 2001 “Public Management Reforms and Administrative Accountability Revisited” (*Magister Artium*), University of Tartu
- 1998 “Personali töösoorituse hindamine. Ametnike atesteerimise sisseviimine Eesti avalikku teenistusse [Performance Appraisal. Introduction of Evaluation of Officials to the Estonian Public Service]” (*Baccalaureus Artium*), University of Tartu

9. Publications

- Sarapuu, Külli. 2012. “Political Interference in the Functioning of Agencies.” *NISPAcee Journal of Public Administration and Policy* 5 (2), 153-159.
- van Thiel, Sandra, Koen Verhoest, György Hajnal and Külli Sarapuu. 2012. “The Politics of Agency Governance.” *NISPAcee Journal of Public Administration and Policy* 5 (2), 11-14.
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Viks, Külli and Tiina Randma-Liiv. 2005. "Facing the Challenges of EU Accession: Development of Coordination Structures in Estonia." *International Journal of Organization Theory and Behavior* 8 (1), 67-102.

Viks, Külli. 2002. "Case Study: Performance Appraisal in the Estonian State Audit Office." In J. Nemeč and G. Wright (eds). *Public Management in the Central and Eastern European Transition: Concepts and Cases*. Bratislava: NISPAcee, 237-257.

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3. Hariduskäik

2001-2007 Tartu Ülikool, avaliku halduse osakond; doktoriõpingud avalikus halduses ja sotsiaalpoliitikas

1998-2001 Tartu Ülikool, avaliku halduse osakond; teadusmagistri kraad avalikus halduses *cum laude*

1999-2000 Katholieke Universiteit Leuven (Belgia), Euroopa Poliitika Instituut; European Master of Public Administration programm (külalisüliõpilane)

1994-1998 Tartu Ülikool, sotsiaalteaduskond; bakalaureusekraad sotsioloogias ja bakalaureusekraad avalikus halduses *cum laude* (magistrikraadiga võrdsustatud kraadid)

4. Keelteoskus

Eesti emakeel
Inglise C2, kõrgtase
Prantsuse B1, madalam kesktase
Vene B1, madalam kesktase

5. Töökogemus

2007-...	Tallinna Tehnikaülikool, Ragnar Nurkse valitsemise ja innovatsiooni instituut; teadur
2003-2007	Riigikantselei, avaliku teenistuse osakond; osakonnajuhataja asetäitja
2002-2003	Riigikantselei, avaliku teenistuse ja personaliosakond; nõunik
2001-2002	Haridusministeerium, personalitalitus; peaspetsialist

6. Teadusprojektid

2012-2015	Eesti Teadusfondi grant nr 9435 “Majanduskriisi mõju avalikule haldusele: Eesti juhtumi analüüs”; põhitäitja
2011-2014	FP7 uurimisprojekt “Coordinating for Cohesion in the Public Sector of the Future” (COCOPS); põhitäitja
2008-2013	Sihtfinantseerimise grant nr SF0140094s08 “Avalik haldus ja areng väikeriikides”; põhitäitja
2008-2011	Eesti Teadusfondi grant nr 7441 “Täidesaatvate agentuuride ning avaliku- ja erasektori koostöö valitsemine: koordinaatsioon ja kontroll avalikus sektoris”; põhitäitja
2007-2011	COST Action IS0601 “Comparative Research into Current Trends in Public Sector Organisation – CRIPO”; põhitäitja

7. Muu akadeemiline töökogemus

2008-...	Tallinna Tehnikaülikool, Ragnar Nurkse valitsemise ja innovatsiooni instituut; haldusjuhtimise magistriprogrammi juht
2007-...	Tallinna Tehnikaülikool, Ragnar Nurkse valitsemise ja innovatsiooni instituut; magistritööde kaitsmise komisjoni liige ja aseesimees

- 2012-2013 IRSPM 2013, paneeli “The Governance of ‘Wicked Problems’: Emerging Coordination Practices in Public Administration” kaasjuht
- 2011-2012 NISPAcee ja EGPA 5th Trans-European Dialogue, Budapest, Ungari, 2.-3. veebruar 2012; korralduskomitee liige
- 2007-2008 NISPAcee ja EGPA 1st Trans-European Dialogue, Tallinn, Eesti, 30. jaanuar-1. veebruar 2008; projektijuht

8. Kaitstud lõputööd

- 2001 “Public management reforms and administrative accountability revisited” (*Magister Artium*), Tartu Ülikool
- 1998 “Personali töösoorituse hindamine. Ametnike atesteerimise siseseviimine Eesti avalikku teenistusse” (*Baccalaureus Artium*), Tartu Ülikool

9. Publikatsioonid

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