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Institutional Change in Mongolia: Balancing Waves of Reform

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Abstract

Since the collapse of its communist regime in 1990 Mongolia, like other post-Soviet area transitional systems, has initiated and implemented several “waves” of public sector reform, some external in origin, and others indigenous. This paper interprets the kinds of public administration reforms that have been tried in Mongolia since the old regime’s collapse, and analyzes the current administrative system in the light of those waves of reform.

First, we examine ideas of public administration development and reform in Mongolia, comparing them with contemporary civil service reform models, including traditional, market, participatory, flexible and deregulated (Peters, 2001). Second, we analyze implementation of these reform processes in the context of Mongolia’s specific social-economic, cultural and political conditions. Third, we interpret the current administrative system in terms of the paradoxical results of these overlaying reform “waves”, identifying this as a evolving mixed administrative system.

From 1990 until about 1997 the Mongolian government attempted to develop a traditional system of public administration, drawing inspiration primarily from countries where it predominated, like Japan, Korea and Germany. In this way Mongolia established a traditional career-based civil service system, a Weberian type of bureaucracy with central control over the grading and classification of positions, remuneration and other personnel decisions, and relatively permanent tenure positions. However, like many other post-Communist states (See Verheijen, 2001; 2003) the adoption of civil service law and related regulations in Mongolia, did not resolve the problems of instability, predictability and politicization and did not lead to a well-working system of long-term career development.

Beginning in 1997 these efforts were overlay with successive reforms sponsored by the Asian Development Bank and others to adopt practices deemed to be more compatible with a market society. From 2002 Mongolia adopted and implemented the New Zealand model of new public management reform. The reform is based on the idea of a generic management and on the theory of principle-agent relationships. In this model most control over inputs, including personnel decision-making, devolves to managers in line agencies, with comprehensive strategic planning processes and accountability for performance in delivering outputs being “purchased” by the government. Mongolia perceived new public management reform as a performance and output-oriented improvement of the traditional system of public service, but not as a replacement or dismantling of the traditional system.

In order to combine traditional and New Public Management approaches to public administration Mongolia seems to be using the paradoxical approach of achieving decentralization through highly centralized mechanisms, deregulation through highly regulatory mechanism, flexibility through permanency mechanism and participation within hierarchy. The Mongolian public sector transition that started with the goal of establishing stable, predictable and professional public administration, generated ambitious reform objectives that tried to cover all ‘E’s (economy, efficiency, effectiveness, ethics, equalities, and equity) along with other modern reform objectives like accountability and customer orientation. Thus Mongolian public administration transition has ended up with a mixed model of reforming government. Specifying the balance of elements and characteristics of the different models is the most important problem in the development and reform of Mongolia’s public institutions.
Collapse of Regime

Before collapse of the communist regime Mongolia and other communist countries experienced a rule-directed, party controlled and centralized by a Weberian type of bureaucracy. Public administration in these countries was characterized by a formal hierarchical government structure. The ruling party controlled policy formulation, assets, resource allocation, selecting and the distribution of personnel with everything directly accountable to the party auditing bodies. Collapse of the communist regime brought the need to search for ways to change the public administration system.

The options were to exchange the communist type of Weberian bureaucracy to the Western bureaucratic form, or to search for ways to become an entrepreneurial, less regulated, more flexible and more participatory civil service. In the beginning of transition there were no indigenous ideas about democratic styles of administration and officials were eager to adopt any model that would seem acceptable for particular social and political conditions. The objective of the post-communist countries, however, was not reform and improvement of the old system of public administration. With collapse of the communist regime the ‘party administration’ had lost all trust and respect from society. Therefore, these countries needed to dismantle the old system of ‘party administration’ and develop a new system of public administration (Verheijen, 2003).

In Mongolia the beginning of the transition, from 1990 to 1997, was dominated by a developmental approach to public administration, not a reformist approach. The collapse of communism brought two contradicting ideas about the theory and practice of the transition in Mongolia. The rush of ideas imposed from abroad, reflected in the dominance of foreign consultants, brought negative reactions to all foreign ideas and experiences as just another attempt to impose an unreliable model and system. On the other hand, the transition process required learning from public service ideas and experiences in the developed countries and introducing some of the relevant experiences and models. The attempt to find a balance between learning from international public administration systems, the reform movement and empirical assessment of the needs of the existing social reality created a developmental approach to transition in Mongolia. The traditional Marxist methodology which states that the political and administrative structure of society has to be matched to the economic and cultural basis of society was deeply seated in the minds of scholars and experts at the beginning of transition. This influenced the focus on the empirical assessment of the socio-economic condition of public service transition in defining ways of public sector transition. Mongolian scholars and experts were not only focusing on the new international reform movement but also considering the transitional reality of society in order to reach a balance between these internal and external factors. Unfortunately, learning and evaluating the international public administration experience, studying and assessing the reality of the transitional society, and reflecting both of these in policy development was not easy not only for scholars from the transitional regime, but also for specialists from developed countries. Therefore, not only, balance between internal and external factors was not always achieved but these factors were not considered enough.

At the beginning of the transition inspiration was drawn from countries where a traditional public administration was predominant, like Japan, Korea and Germany. It is not therefore surprising that building the traditional career system was given a high priority at that time. However, starting from 1997, with problems emerging from implementation of the newly established traditional system of public administration on the one side, and rising influence from countries (United States, Great Britain, Sweden, Australia, New Zealand) and international organizations (World Bank and Asian Development Bank) advocating neo-liberal views on the other, reformist, New Public Management approaches became the dominant consideration in Mongolia’s public service transition.

Development of the Traditional Public Administration System in Mongolia

The traditional concepts of public administration, like hierarchy and rules, permanence and stability, and equality and regulation appeared somewhat similar to those that transitional regimes had used in the past and more acceptable for a society emerging from an authoritarian system. Some elements of the New Public Management (NPM) models seemed attractive, but no one knew all the systems and models of public administration, including the traditional. Traditional systems of public

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1 In this paper “transitional regime” refers only to post-communist transitional governments.
administration are easy to understand and accept, and seemed not much difficult to implement for social and cultural condition of the transitional regime. Also it was only the fully developed and exercised public administration systems that were suitable for the countries that had no indigenous democratic style of administration. All other models of NPM consist mostly of some new elements adapted to the traditional system in order to improve quality of the public service. Naturally, from the beginning of its transition Mongolia opted to develop a traditional style of public administration system.

The following policy documents contain the main principles of the new public administration system developed in Mongolia at the initial stage of transition:

- The new Constitution (1992) and related key consequential laws. This defines Mongolian political institutions and their structure, organization, and functions.
- The “Management Development Program” (1993) was implemented by the government with assistance from UNDP and other donors. The roles, functions and structures of the machinery of government with regard to central and local government and the private sector interface were revised. The power of administrative institutions was clarified and significant improvements were made in improving the knowledge and skills of civil servants and private sector managers.
- The Law on Government Service (LGS) (1994) provided the legal environment of the new public service system. It defined public personnel policy and the status of public employees, their duties and rights, responsibilities, incentives, conditions of work and management of the public service.
- Mongolian State Policy on Reforming Government Processes and the General System of Structure (1996) defined new organizational structure for central government based on policy and planning ministers with oversight of executive agencies. It identified the policy of government cost reduction, including downsizing the public service, strengthening accountability and control through ministry and agency business plan and new financial management systems.

The policy documents essentially established a traditional career-based civil service within a Weberian type of bureaucracy, with central control over the grading and classification of positions, remuneration and other personnel decisions, and relatively permanent tenure positions. Decentralization was a part of the management development program, but it never received the same priority as public administration and civil service reform and privatization and private sector development. As a consequence decentralization lost momentum and did not have the same impacts as these other parts.

By comparing the main principles in these policy documents with “five old chestnuts” of the traditional model (Peters, 2001) we can get a somewhat more complete idea about the traditional character of the public administration system that was established at the beginning of the transition.

An Apolitical civil service

In order to establish and maintain a politically neutral civil service the Constitution of Mongolia declared that “Party membership of some categories of State employees may be suspended” (Article 16 and section 10).

The Law on Government Service states that government core employee shall have the duty “to maintain political neutrality while exercising the functions of the post” (Section 8 of article 13). Later when implementing NPM this article was amended to add that government core employees shall express only official positions in the media when discussing issues related to government policy. The law on Government Service also restricts government core employees from ‘participating in the activity of political parties in the capacity of a government officer’ and ‘holding concurrently a permanent position in political and other organizations, unless otherwise provided by legislation’.

Because there was no clear definition of what activities can be considered “political” and what non-political, these regulations provided only a general declaration of neutrality. Political allegiance and loyalty of civil servants to political parties were common and open.

Hierarchy and Rules

The public administration transition process in Mongolia from 1990 to 1997 tried to create a Weberian and rule-directed bureaucracy. In the beginning the first priority was a civil service independent...
from party control, and compatible with the emerging market society. Issues of greater economic efficiency and social effectiveness were not the highest priority.

The government established a centrally managed career civil service, appointed on principles of merit. Establishment of the rule-directed bureaucracy is based on the Constitution which states that “Ministers and other government offices shall be constituted in accordance with law” (Article 46). Further, according to the Law on Government Service (LGS), public service “is the activity of accomplishing and implementing state goals and functions within the vested power, as set out in the Constitution of Mongolia and other legislation” (Article 3.1). These statements show clearly that public organizations are established to act only in accordance with law and public servants should implement state goals and functions only within the vested power set out in the law. The hierarchical structure and management of the newly established public service was reflected in its overall classification, categorization and ranking of all government posts by the Law on Government Service (Law on government service; Resolution 73/1995 of the State Great Hural; Resolution 132/1995 of the Government). The first-ever handbook on the Mongolian administrative structure and personal management system stated that “The classification system enables the State to design the Government service and to allocate the resources to finance it. It also is used to estimate the remuneration costs and other running costs for different parts of the government service. Decisions on salary and other forms of remuneration are also based on the classification system.” (Tsедev, et.al 1996. p:19.)

Permanence and Stability

The newly established government service had characteristics of the traditional public administration, such as permanent and stable organization and staff. The Constitution requires that public offices “shall be constituted in accordance with law” and “the work conditions and social guarantees of State employees shall be determined by law” (Article 46) which reflects an overall philosophy of permanence of government organizations and stability and “social guarantees for civil servants.” According to the LGS “a real government employee shall be a citizen of Mongolia, who holds a Government governing or executive post permanently on the basis of qualifications…” (Article 11.2). In addition, by the same Law the state is responsible for any damage that occurs as a result of a wrongful action by a government official in the course of exercising the powers provided by law. (Article 4.2.7) The LGS abolished the patronage system and introduced recruitment and promotion on merit, competitive examinations, regular appraisal, common grading and salary scales throughout the civil service. The LGS left recruitment open for all posts in the civil service, the senior civil service included. Civil servants were to be recruited on a permanent basis, with fixed-term contracts used for temporary staff only.

Human resource management in the civil service was to a large degree centralized. This included entrance examinations, salary schedules, incentive programs, training systems and important procedures such as hiring and firing. The Administrative Service Consul organized recruitment examinations centrally. Every ministry, agency and local government was responsible for implementing these centrally established procedures and regulations. How well they followed the procedures and regulations was supposed to be monitored by authorities within each hierarchy.

However, senior civil servants continued to be appointed, evaluated and promoted centrally. Vacancies for senior positions were not publicly announced and competitive examinations for senior positions were not organized until 1 June 2003.

Internal Regulation and, Equality

One of the key principles of the GSL that guides government service is “to administer and to be administered.” This means that government core employees shall implement the lawful decisions of higher ranking officers. (Article 4.2.1; Article 13.1.4) The result of this principle is management by hierarchy.

Equality is another fundamental principle guiding the activities of the state. It is found in the Constitution (Paragraph 2 of Article 1). The principle of equality inside the administrative system means, for example, that the amount, scale and rate of remuneration for a particular government employee is determined by a similar rate of remuneration for similar government positions throughout the public service (LGS, UB, 1994; Article 28.3.1). It also means that citizens should expect to be treated the same without regard to their differences.
Problems Emerging with the Traditional System Public Administration

The new public administration system met the social needs of the transition period with some promising outcomes. However, the structure did not bear as much fruit as it did in developed countries (Tsedev, 2002, p: 120). The reasons for this include:

Problems Associated with a Neutral Civil Service

An apolitical civil service did not work well at the beginning of transition, when a traditional public administration system was being established.

- In socialist times everything was politicized. Citizens, especially civil servants, used to be ‘politically’ very active, and usually saw most of things through an ideological lens. Civil servants were selected and appointed using ideological criteria.
- The beginning of the transition was a time of ‘revolutionary change’, and everything became even more politicized. The nation was politically deeply divided, from very conservative ‘communist tip’ democrats through left wing liberal democrats to ‘anarchist democrats’. There were more than 20 political parties for about only one million adults. Every issue was interpreted politically. Everyone, every time and everywhere discussed every issue as a political issue.
- In a small state it is very difficult to rely on the politics-administration dichotomy and establish a politically neutral civil service. Politicians and administrators at all levels have very close ties with each other. There are very informal relations and networks between them and it is difficult to differentiate political allegiance, loyalty or personal relations.
- A small state has not enough qualified specialists to organize the civil service and the political sphere separately. A small number of people have experience in both public administration and politics. It is almost impossible to find highly experienced and politically neutral specialists to appoint to senior civil service positions. The recruitment of former high-ranking elected officials to senior civil service positions is common, and necessary in small states. For this reason an amendment was made to the LGS in 2002. According to this amendment former politicians who were holding high government posts can be included on the civil servants resources list, without entrance examination and on the basis of recommendation of the Government Service Council (Article 17.11). Equally, most leading politicians and political consultants come from the civil service. There are not many career steps in a small civil service. A successful civil service career very quickly ends up as a political position.
- When there is little respect for laws and regulations it is impossible to enforce a politics-administration dichotomy and the principles of an apolitical, neutral civil service.
- From the beginning of the transition, long before establishment of new civil service, competition among political parties for experienced and skilled specialists deeply politicized and divided the civil service. Competing political parties’ began using political loyalty as the main criteria of any career, including a civil service career. The situation could not be changed simply by adapting new laws and regulations of the civil service when law and rule means very little to people.

Problems Associated with Hierarchy and Rules

At first glance a hierarchical and rule-bounded system seemed to work in Mongolia. The law established public organizations and regulations, and government posts were organized according to official classification and ranking. Even management of the public service was organized according to laws and regulations. But the quality of service of public organizations and the work attitudes and habits of government employees had not changed much. The organizational structure and management system still was not promising economic efficiency or social effectiveness. Rule-directed organizations and management in public service did not promise much because of the general disrespect for law and regulations. Obeying rules and regulations was not always the first priority of citizen, including civil servants. For a small state informal relationships and networks dominate all levels of the civil service and these did not leave much space for effective functioning of the hierarchical structure and management. Even though there are many steps in the salary system, the differences in salary do not provide
incentives that support the role hierarchy. In addition, at the beginning of the transition views of civil servants changed in ways that created a dilemma for them. Civil servants had duties and responsibilities from the hierarchy in the new system. At the same time citizens lost respect for civil servants, and civil servants lost their authority. Because of their loss of authority the hierarchy was not functioning.

Problems Associated with Permanence and Stability

Although patronage has been banned and politics is officially separated from administration in laws and regulations, patronage is one of the main breaches in the public service system. The rise of new political parties in the transition reinforced this tendency, creating new incentives for patronage and favoritism. In order to win elections and gain power, political parties began asking for the support and loyalty of key people in society in exchange for positions in the public service. In such a way political parties became a host of potential seekers of administrative positions. Another factor that stimulated patronage is the small society and shared culture. Family and friends are favored over official norms and regulations. Even though a merit-based, professional civil service is espoused in current laws or decrees, it is clear that many civil servants anticipated that following the new elections there would be a substantial changes throughout the civil servant. They expected that many of the current civil servants would be replaced by people chosen by the new government. On the other side, many supporters and relatives of the party leaders expect that if their party wins they will be rewarded with administrative positions.

For a year and half after the LGS passed in 1994 until the next elections, various laws and acts were passed and went into force, and the new public service structure appeared promising. Right after the elections, however, suspicion arose and the process deteriorated. Political parties and the new electoral process politicized the new public service structure and used it for their own interests, negatively affecting the confidence of the people in the structure. On June 1, 1995, the Law on Government Service was enacted, allowing a large number of members of the then ruling power, the Mongolian Revolutionary Party, to take an oath and become civil servants, without passing any examinations or assessments. This had a negative impact on the implementation of a merit-based system for the new public service. The winner of the 1996 elections, the Democratic Union and Coalition, further worsened the situation and weakened the implementation of the new structure. Instead of correcting the previous mistakes, they simply carried out a deconstruction mechanism by replacing the former officials en mass with their own. Public servants were laid off or sent to different positions in spite of the principles and spirit of the new structure. At the same time for senior level positions civil service entrance procedures (that is, selection examinations, a waiting list, appointment, probationary period and performance evaluation) were skipped and the oath ceremony was used to give politically appointed employees core civil service status. For lower level positions there was an appearance of using the procedures, but there was much manipulation around the procedures. As an example, temporary appointments were used to avoid competition for a position.

The newly adopted traditional administration emphasized stability by having most positions in the civil service. For example, in the ministries only the minister and at the provincial level only the governor were political appointments. All the rest were administrative. This regulation contradicted the interests of political parties to place more of their supporters in political positions and became difficult to implement. The new constitution, in addressing local governments, emphasized more democratic practices by having the lowest level officials – Bag governor – elected. It was very inefficient to have the lowest level administrative officials in political positions, changing them every four years. This regulation facilitated politicization of civil servants at the local level. Under the new system high ranking political officials were employed by the Government Administrative Service Consul, which started politicizing management of the civil service. In this way in the new administrative system political positions were made administrative and administrative positions were made political.

Thus, as in many other post-Communist states (See Verheijen, 2001; 2003) the adoption of civil service laws and related regulations did not resolve the problems of instability, predictability and politicization and did not lead to the development of a well-working system of long-term career development.
Public Administration Reform in Mongolia

Mongolia adopted a traditional system of public administration until 1997. As we see from above, the newly created system was not functioning well and needed either further development or reform. The dominant assumption was that government could not do anything well so it was a good idea to introduce change that is as radical as possible to make it as modern as possible.

Initial advocates of the New Public Management (NPM) reform were leaders of the democratic coalition government and international consultants from the Asian Development Bank. Although NPM advocates promised more independence for government organizations and their managers, government was not attracting civil servants in all levels. Their main concern was the instability, politicization and corruption of the public service.

Leaders of the democratic coalition government had several reasons to support the reforms. First, they were not satisfied with the responsibility and accountability of government organizations and their public employees and wanted to improve each by reforming the system. Second, the finance and budgeting mechanism of the public service was not transformed from the old model and needed to be fixed. Political leaders hoped that NPM reforms would not only establish new finance and budgeting mechanisms, but also solve many other problems now emerging from the traditional model. Third, leaders of the coalition government were not happy with public employees who were collectively transferred from the old regime into a stable career system. They saw NPM reform as one way to deal with their problem of the permanence of ineffective bureaucrats. Fourth, they wanted reduce the size of the government and redirect resources to more high priority social needs, like poverty reduction and economic development. Finally, adopting these reforms in the public service was in compliance with requirements of the major international donor organizations, what has come to be known as ‘good governance’, for loans and grants” (Peters, 2001. p:163.)

In addition to this there were external pressures to impose the New Zealand model of NPM. The major international advocate of the New Zealand type of reform was the Asian Development Bank (ADB). In March 1997, the coalition government liquidated the Management Development Program, the program that has assisted Mongolian public administration development, and initiated a technical aid project supported by the ADB. It was called the “Public Administration Reform Project”. The purpose of the new project was to reform the administrative and financial structure of the state budget organization, to promote outcome based budgetary planning, spending and report structures and to reduce government expenditures. Since then the ADB has supported and participated in every step of the reform through this project.

Not every international donor organization supported reform initiatives in the beginning. Many donor organizations and international consultants from the European Union, Japan, Korea were suspicious about the predicted successes of the reform. Most of these donor organizations were assisting the public service transition in Mongolia and some of them continued their assistance within the traditional reform, some taking more neutral positions and reducing their involvement in the process.

This new public service reform initiative was strongly opposed at the outset by elected and appointed officials, and by public servants. Public servants did not welcome the initiative as they believed the new structure would bring too much uncertainty. The classic form of bureaucracy used in the first phases of transition was close to Mongolia’s understanding, knowledge, skills, experience and culture. NPM on the other hand was difficult to receive in a short time and most people were still unfamiliar with it. Public servants and national professionals were not ready to embrace the ideology of NPM. The attempt to impose it from the top, changing the direction of public service and administration, undermined confidence in implementing and developing new structures for public service and administration and left a lingering disbelief in the past and suspicion about the future. (Tsede, 2002, p: 120)

In November 1999 the government introduced a draft of the Public Sector Management and Finance Law (PSMFL) into Parliament. It was not passed, but was the subject of considerable debate. Public servants worked for five years to implement a new structure of public service and administration, greeting every new session of the Parliament with the expectation that things would change with the passage of PSMFL. (Tsede, 2002, p: 120) After many debates and amendments to the draft PSMFL the law passed in June 2002 and began gradual implementation from January 2003. The law is based on
principles that are very different from traditional public administration, with most control over inputs, including personnel decision-making, devolved to managers in line agencies, and comprehensive strategic planning processes and accountability for performance being “purchased” by the government.

At the same time, the LGS and other laws and regulations of the public service were reviewed and substantially amended in order to take account of the PSMFL. However, although reviewed and amended the LGS retained and strengthened the traditional central controls on civil service staffing inputs, including central control over the grading and classification of positions, remuneration and other personnel decisions, and relatively permanent positions.

According to the PSMFL, the main concepts of public service reform consist of the following tools and principles (PSMFL, UB, 2002):

- Legislated medium-term Strategic Business Plans and fiscal objectives.
- Performance agreements negotiated between Ministers and general managers, general managers and public employees.
- Output-based budgeting (receiving funding on basis of government purchasing contract).
- Performance reporting on the basis of performance indicators.
- Accounting standards in accordance with international accounting standards (full accrual accounting).
- Capital charges on net assets employed by government organizations.
- Managerial authority over inputs, including employment of staff and operating expenses.
- For vacant chief executive positions, the State Service Council selects a short list of candidates for decision by appropriate authorities hold the employment contracts of the chief executives and assesses their performance.
- State Audit Authority conducts annual audits of all government organizations.

Since several former New Zealand Treasury officials (Dr. Graham Scott, Prof. Ian Ball) had been involved as advisers to the initial draft of the PSMFL and much has been learned from the New Zealand experience, the Law closely tracks the relevant New Zealand legislation, and the reform concepts and principles reflect many of the characteristic features of New Zealand’s financial management reform (Laking, 2000)

Public Administration Reform in Mongolia and Basic Models of Governance Reform

To present a more complete idea of Mongolia’s public administration transition, we now examine its development and reform efforts by comparing them with concepts and principles of four basic models of reform of governance created by Peters (Peters, 2001).

Mongolian Reform effort and Market Models

The basic assumption of the market model is that the best way to obtain better results from public-sector organizations is to adopt some sort of a market-based mechanism to replace the traditional bureaucracy (Peters, 2001 p: 23)

According to the market model competitive mechanisms would allocate public resources efficiently and minimize the cost of delivering services (Peters, 2001, p: 25-30). In the case of a small society, such as Mongolia, it is difficult to use competitive mechanisms in the public sector, especially in the civil service. Small societies not only cannot organize competing institutions and positions in one area of service, but public institutions and civil service positions usually have multiple functions. In small countries, one public organization usually deals with several different tasks and has only one specialist for every specific area of service (see more in Randma, 2001). On the other side, the private sector is underdeveloped in transitional regimes and competition with a public sector monopoly is quite limited. Introducing the market model to public service in a small society in a period of transition cannot guarantee competitiveness of service and greater efficiency. In the case of Mongolia reform was introduced in order to improve the efficiency, accountability and responsibility of public servants by pricing the services delivered by public institutions and financing, evaluating, and accounting for this price. Yet it is difficult to find the true price and drive the costs of the service in the absence of competition. In addition, without
competition public bureaucrats have a chance to use their monopoly on information and their informal
relations with officials in the budgeting process to supply what they are able to do while asking more than
it cost.

Another fundamental idea of the market model is generic management (Peters 2001, p: 31) This
is based on the idea that "management is management, no matter where it takes place" and introduces
the principle-agent relationship in public service. In the early stages of the transition elements of strategic
planning and MBO were introduced. Specifically, the "Mongolian State Policy on Reforming Government
Processes and the General System of Structure" (1996) included many managerialist ideas, such as
entrepreneurial, innovative and creative management; continuous improvement and experimentation;
customer oriented services; and managers managing within an appropriate accountability framework.
Contracting and service output-price based budgeting were introduced with the NPM reforms. Government
through its ministers and local governors became the purchaser of the outputs of the public
organizations that produced the service. One of the difficulties facing the government now is defining the
outputs/products that they can order from public organizations and determining the true cost of the
products.

Performance management is one of the central points of the NPM reform. With the introduction of
NPM government has created general guidelines for performance measurement, including qualitative and
quantitative criteria. According to this guide every single organization and employee each year has to set
specific measures for every task they have to perform. Because of the lack of knowledge and skills of
managers and public employees this task is not going well. Public employees do not know what criteria to
use and how to measure the quality of what they produce. There is a great need for training and practice
for performance management in public sector. Different criteria of measurement are needed for different
time and condition. It is unusual to be able to use the same criteria of measurement across all situations.

The market model tends to see public and private management as the same thing and citizens as
consumers or customers who should expect the same quality of services that they receive from a private-
sector firm. (Peters G, 2001, p: 45.). However, citizens in transitional countries do not have enough
experience as costumers of the private sector. Newly emerging private sectors in these countries do not
have a great deal of experience not only to share with the public service, but even to provide high quality
service for their own consumers. So, all private sector experiences that would be introduced to the public
service of the transition countries within the market model only can be imposed from the business
experience of other countries.

One central element of the market reforms is decentralization of policymaking and
implementation. (Peters, 2001, p: 34). The most common way doing this is "to use private or quasi-
government organizations to deliver public service", “splitting up large departments into smaller
‘agencies’, or through assigning functions to lower levels of government” and to “create multiple
competitive organizations to supply goods and services” (Peters 2001. p: 33-34.). Privatization, the use
of private, and non-government organizations to deliver public services has been used by the Mongolian
government as a reform tool to create some competition in public services, such as schooling, health and
transport, but not much to the civil service. Because of the small society factor, all public organizations
need to be multi-service and multifunction bureaus. Splitting public organizations into ‘product line’,
single-purpose organizations is not applicable to the Mongolian public service. Therefore from the
beginning public administration development was oriented to reorganizing several small organizations
into one larger more multi-service organization, or transferring their functions to non-governmental and
private organizations. For example the number of government ministers was reduced from 16 to 9 and
government agencies 57 to 48. However, after the elections the number of government ministers grew
again. For instance, when the government in 2000 had organized 12 ministers instead of the previous 9, the
coalition government 2004 established 18 ministers.

The orientation to personnel management in the market model includes pay for performance so
that better performance can be rewarded with better pay.

Government should provide sufficient incentives for individuals working within them to perform
their jobs as efficiently as they might. (Peters , 2001, p: 23, 37.) In communist countries most public
servants believed that they had to work not for personal rewards but to exercise communist ideology, to
serve society as a whole, and to implement public policy for the nation and communist system. With the
collapse of communism this kind of altruism and any concern for public interests was disregarded as old-
fashioned communist ideology. Therefore, for public employees in transitional regimes the idea of working
not for personal rewards but on behalf of a public policy is not very applicable. Furthermore, civil servants’ self-determination on their jobs is limited by the self-interests of their managers and politicians. If the self-interests of these bosses interrupt any area of their job civil servants most likely would lose their “empowerment”.

According to the LGS the scale, rate, procedure and amount of remuneration and supplementary payment due to government employees shall be defined by the Parliament or by the Government in accordance with the post classification, rank, and length of government service (Article 28, section 3-8). Thus by regulation of the LGS there is not much room for performance-based pay in public service. NPM introduced the reform elements of bonus pay to the government employees’ remuneration system in order to achieve some coordination between pay and performance. For many reasons this bonus pay is not making much difference. Poor salary and poor bonus do not motivate civil servants. Poor performance evaluation practices also are not promising much from the bonus system. Funding these bonuses adequately and developing workable measures for performance is not only a difficult problem for transitional countries, it is an issue for developed countries too. As mentioned G Peters (2001. p 38) “the failure of Congress to fund these bonuses adequately and difficulties in developing the measures to judge meritorious performance have rendered the merit pay system only a hollow echo of its original intent”. As with other countries marketability and measurability of many government services is limited. The capacity of the government to measure performance in relation to impacts is limited. Mostly it can be done on the activity level, or on the quantity of outputs. On the other hand, for Mongolia and some other transitional countries to provide sufficient incentives for individuals working in public service is very difficult. They do not have sufficient financial resources to motivate people materially. Improving the performance of civil servants would not save enough resources to motivate individuals. Even if government could save sufficient resources they would go for high priority social and economic needs instead of to motivate civil servants. It is therefore hard to say that adopting some sort of a market-based mechanism in a traditional public administration system of transitional countries can motivate of civil servants. Civil servants in transitional countries do not expect material motivation but have other motivations such as job security, the possibilities of self-development, and social status.

The public interest in the market model requires that government deliver public services cheaply and allow citizens to exercise free choice (Peters, 2001, p: 46-47.) In the Mongolian case, it is too early to judge cost savings resulting for NPM reforms. Public institutions are leaning to calculate the cost of goods and services that they deliver to citizens. Time is needed to compare and find out whether public goods and services become cheaper for citizens. The fact that government organizations are now calculating their cost is progress compared to input oriented, line item budgeting. With its poor budget the government is not capable of creating many public service options in order to provide freer choices to citizens. Without a strong, competitive private sector it is impossible to break up the traditional public service monopolies. Even after the introduction of output budgeting and competitive mechanisms in public service, we cannot expect free choices of services by citizens. A small society and extremely limited market are not going to change quickly to develop real competitive markets with many choice options.

In the end some ideas from the market model have been introduced and gradually implemented, while many other elements of the model do not work well. Many generic management ideas, like legislated strategic planning, performance agreement, output oriented budgeting and performance reporting, have been. However, other fundamental pieces of market model, like competitive mechanism, performance pay, free choice and cheap service are not promising much in the current stage of social transition.

The Participatory State and Reform Effort of Mongolia

The empowerment of citizens and lower-echelon employees and their active involvement in policymaking and the delivery of public services is the main assumption of the participatory model of public administration (Peters, 2001. p: 50-76.).

On the one hand, in transitional regimes the bureaucracy had been authoritarian and permitted little if any options for the clients of the programs to express individual demands or complain about the services being rendered (Peters, 2001. p: 171.). On the other hand, citizens of the communist legacy once received every possible service without a great deal of participation in the decision-making and service delivery process. They had little intention and enthusiasm for productive participation. Citizens in
transitional countries tend to criticize the public service and wait for good service from bureaucrats, instead of participating in the process. If the authoritarian and hierarchical character of the traditional regime resisted more participation and democracy, the lower echelon servants and citizen’s inability to become involved productively in policymaking and service creation created a more hierarchical approach.

In order to involve central and local public administrative bodies at all levels, NGO’s, the private sector, mass media, academic institutions and citizens in policy formulation and implementation the Government of Mongolia initiated and implemented “Good Government for Human Security Program” starting in 2000. The project was intended to establish a policy formulation and implementation partnership through participation of all relevant actors and stakeholders in the process. Special consideration was given to communities and citizens’ voice participation in the policy process and their satisfaction and feedback with regard to services, rights and government responsiveness to citizen demands. This broad participation was supposed to create consensus among all major actors, stakeholders, and opinion formers. This would establish societal ownership of policies that could lead to extensive collaboration between the sectors in implementation and greater policy effectiveness, in addition to greater policy continuity and sustainability.

There has been a lot of talk about the participation of citizens and lower-echelon civil servants in decision-making processes but this right of participation is not well regulated legally. In practice there is not much informal participation in decision-making. In order to facilitate greater participation we need to find more organized and slightly controlled ways to practice it. There is still not much room for participation in the public service system even after introduction of the NPM reforms. Studies show that there has been no participation by citizens at any level of budget making in local governments. Equally there appears to be no participation in the budget processes of any other government organizations (A Research Report, 2004). The civil servants and senior managers are setting the goals, objectives and performance criteria in non-competitive and non-participatory conditions. Without market competition and citizen’s participation, public employees tend to set lower goals and general, acceptable criteria of performance.

Participation and democracy in Mongolia is generally based on participation through political parties and interest groups. Citizen’s direct participation in administrative decision-making and control over public service is not common. Citizens do not have any direct control over public services, such as education or health. First, public service is highly centralized and bureaucratic and there is not much room for direct participation. Second, extreme individualism has become a dominant public characteristic in the transition to market societies. This is in contrast to the common public interest approach of the communist legacy. Now most citizens tend to use their participation in administrative decision making not for the public interest but for their private self-interests. In small societies with complex relationships citizen’s participation many times turns into meaningless fights between local subgroups. Third, not every citizen has the ability and capacity to participate in administrative processes. Nomads, for example, living far from each other and the administrative centers and traveling across the seasons, cannot participate in governance directly and constantly. Forth, citizens have little experience, culture, expectation and enthusiasm for participating in administrative process. They do not have any experience of public service in market regime and most expectations of public service are based on the socialist. Citizens, especially local citizens are not used to taking responsibility for their lives. This attitude is part of the inherent culture, which emasculated citizens and made them look above for decisions about their own life. Finally, government employees have little knowledge and skills to handle broad citizens participation in any area of public service.

In Mongolia administrative development and reform processes hierarchy was more dominant than participation. One of the problems was that reforms were imposed by a “top-down process” through legislation. This started with the formulation of new laws and was followed by implementation down through the government hierarchy. As a result of management by hierarchy and regulation, the implementation of the public service reforms became more a matter of compliance with new rules and regulations than mechanisms of change. At the beginning of the reform adjustment and adaptation to the new requirements became the goals and objectives of public servants rather than the stated reform goals. Because of this there are big gaps between the expected output of the reforms and the reality of their implementation. In this regard there are not many differences between the implementation of the traditional system of public administration and the NPM model. Filling the contents of NPM reform model would require more time, effort, energy and skills than implementing the traditional model.
In Mongolia a very common negative impression of government is the improper work of the lower and middle level public employees. The argument is usually that that government works well on the policy design making level, but because of poor performance of the low and middle level bureaucrats in implementing decisions overall government performance is poor and leaves a negative impression. There is no doubt that citizens are dissatisfied by the service provided by the low and middle level bureaucrats. But citizens are also not happy with the performance of politicians too. It seems the top-down approach of development and reform in public administration works in the same way in policy formulation and strategic planning stages, yet when the time comes for implementation and further development the approach reaches its limits. Pressures are coming from the bottom to establish more room for initiatives and creativity in order to further develop reforms.

From the beginning of the transition the government took the lead in finding a balance between the central government and local self-government. In the Constitution local governance is defined as a combination of the state and local self-governance (The paragraph 1 of Article 59, UB, 1992). By the same Constitution all levels of local officials are considered state representative (The paragraph 1 of Article 60, UB, 1992) and their offices are part of state administration. As result public administration is still fundamentally state administration. Decentralization has been implemented by transferring power from the central administrative bodies to the local administrative institutions and by privatizing state owned enterprises. Since the end of the implementation of the Management Development Program in 1996, the laws and policies of decentralization have not been sufficiently consolidated. Currently there are no particular policy documents focusing specifically on decentralization and the issue of decentralization itself has not been addressed as a policy priority. There are different understandings of decentralization at both social and administrative levels. Even some administrative decisions are creating a negative environment for decentralization (A Research Report, 2004).

NPM reform without strong competition and active citizen participation creates opportunities for civil servants to determine their goals, objectives and performance criteria on the basis on their own interests. These interests do not set high goals or hard criteria for performance, and serve the interests of their own organization along with limited special private interests. They also price their services higher than their true cost. One way to enforce order and the public interest would be through citizen participation at all levels of government decision-making and implementation. Within the NPM reform, citizen’s participation is one of the main components for quality, equality and honesty of service, and for control over corruption and mismanagement in transitional regimes. Thus, in transitional regime citizen’s participation is as important as stability and predictability of administration, or as the entrepreneurialism of managers and the hierarchy and regulation of the bureaucracy.

Public Administration Reform of Mongolia and Flexible Government

According to advocates of flexible government permanent structures present significant problems for effective and efficient governance and the organizational universe needs to be shaken up to make it capable of responding effectively to new challenges (Peters, 2001, p: 77-96.).

At first glance, the transitional administration in Mongolia had to be flexible. Public organizations in these regimes attempt to adapt to frequently changing socio-economic and political environments and to global developments, and are forced to reorganize and restructure themselves more frequently than government organizations in the developed world. In this sense, permanence is not a characteristic of government organizations in transitional societies.

These constant changes in most cases produce problems in predictability and coordination. In addition, the bureaucrats of transitional regimes are too flexible in their responses to society when it comes to their preferential treatment of citizens (Peters, 2001, p: 173.). It is common for government bureaucrats to treat citizens differently using criteria such as political, family, friends and business relations. Accordingly, in Mongolian public administration development stability and predictability were given the first priority, rather than flexibility. The state introduced a career-based, permanent employment system in its civil service. Moreover, within the NPM reforms the government decided to strengthen the stable, career-based character of the civil service personnel management by amending the LGS.

On the other side, administrative culture, bureaucratic behavior, and the working habits of public employees are not much changed. In contrast with the new developments civil servants have been locked into certain ways of running public business (Peters, 2001, p: 173.). The problems are in the existing common practices of exercising public power. Little, if anything, has been done to replace the
culture and working attitude of bureaucrats. So within changes in policy and regulations bureaucrats tend to adapt to the new situation rather than changing themselves. They keep doing what they have been doing for years, in the same traditional way, but within the new. Flexible adaptation to change occurs mostly for the self-interest of government organizations or the bureaucrats, not for the needs and interests of the public. Most government organizations, especially local governments, continue to operate as if the phenomenon of public service reform had never occurred. These organizations use NPM tools only for formal report purposes. They remember NPM only at times each year when they set the goals and performance measurements, and sign performance contracts, evaluate contracts and issue reports. Many government organizations want change without any investment. They want to implement public administration reform not by changing their working habits and cultures but by setting goals, performance standards and making formal contracts and reports. In addition, as noted earlier, from communist times many civil servants worked for ideas and principles rather than for clients or customers. For many government employees these ideas and principles now are directly connected to the concepts and principles of public administration reform, to status, and to the future existence of their organization. For these bureaucrats formal compliance with new concepts and principles is more important than real change in citizen service.

Another factor that makes Mongolian civil service stable is the small pool of experts and the prominence of family and friends in a small society. It is common that when someone is fired from a government organization for any reason, he or she ends up with an offer of a similar or higher position from other government organization. On the other hand expert’s attracted from business to government organizations in most cases happened to be former civil servants who have transferred to business not long ago. The main reason of this is the small number of experts and their traditional relation with each other. As a consequence from the personnel point of view civil servants mostly remain permanent in small society.

Thus, if “to shake up the organizational universe” is not the first priority of public administration reform, shaking up the cultural and behavioral universe of public bureaucrats becomes a critical issue for these regimes. Without changing the social attitudes of citizens, administrative culture and the bureaucratic behavior of civil servants no permanent and stable traditional system, no flexible system, and no other model could provide predictable and fair treatment of citizens so much needed in transitional administration. Thus changing the attitudes of administrative culture and making it responsive to the changing demands of citizens is one of important task of transitional regimes. In the end the continuously changing environment of transitional societies demands a degree of permanence and stability within a flexible service that is capable of coping with rapid changes.

*Deregulated Government and Public Administration Reform in Mongolia*

The main assumption of deregulated government is that the rule-bound nature of public administration slows action and reduces creativity. With the removal of constraints of internal red tape, activities can become more creative, more effective and more efficient and liberate workers as entrepreneurial engineers (Peters, 2001, p: 97-98.).

With collapse of the ruling communist party large numbers of rigid ex ante and ex post controls over bureaucrats were disregarded automatically, without replacement by new more flexible, democratic and legal regulations. Most of these rigid and arbitrary regulations were ideological and their dismissal at the beginning of transition produced a form of “deregulated government”.

Transitional governments do not have many rules and regulations that slow action and reduce the creativity of civil servants. Therefore deregulation of the public service and liberation of public employees is not much of an issue. In reality in the transition period there is always a lack of regulation in all sectors of society. Civil servants have a lot of room to exercise discretion. People in government are free to act creatively, but you do not see much positive action or creative initiatives from public employees. There are several reasons for this. First, there are still some regulations from the communist period that, even if not many people respect or obey them, still are enforced and slow creative action. Second, people in general, and public employee in particular, are accustomed to acting by directions from above and on the basis of clear rules and regulations. They are not to ready take a chance and set their own directions. They instead wait for new regulations that will authorize their action. These people need to be free from the past and encouraged to act creatively. Third, those who were taking chances and being creative
mostly did not work for the public interest. Unfortunately, many of them saw the uncertainty of the transition as a chance to use public power for own private purposes. For these employees transitional government needed more rules and regulations.

Within its transition Mongolia started adopting and enforcing laws and regulations designed to protect public servants from abuse, to ensure more equitable hiring, and to prevent patronage and political exploitation of government position. Legal reform process have been implemented according to the Constitution (1992), the attachment law to the Constitution “On transference from implementation of the Constitution of PRM to the Constitution of Mongolia” (1992), the “Legal Reform Program” (1998) and the “Main directory of improving the laws and regulation until the year 2004” (2001). In complying with this legal reform policy between 1992 to 2000 the Parliament adopted around 370 new laws and made changes and amendments to more than 340 laws (Amarsanaa. 2002, p: 81.). In just the four years between 1992 to 1996 there have been adopted about 70 laws associated with government service. Furthermore, in only about one-half year’s time more than 60 new procedures and regulations of public service been adopted and gradually implemented (Tsedev, 1996; 1997). These rules and regulations helped managers to hire, pay, promote, and terminate employees. Yet, not all government agencies accepted them and breaking them for self-interest was very common. In addition, all these regulations were derived from the traditional model of public service with few elements from new models.

Even in these early stages of the process of legal reform signs of overregulation become apparent. There was a “mechanical” increase in the number of laws due to interest of every ministry and agency to have its “own law” or raise up to the level of the laws their own “tiny” instructions and orders (Amarsanaa. 2002, p: 81; Chimid, 2002, p: 71). Furthermore, besides the law itself a massive number of instructions and rules on implementation of laws were produced. Ministers and agencies started “competing” for the production of different instructions and regulations. Other sources of trouble came in regulations that were sometimes unrelated and legislation that was contradictory, copied from the laws of countries with different level of development and different legal systems. There were also amendments to the laws basic on specific “tiny” interests (Amarsanaa. 2002, p: 81). These difficulties of re-regulation caused a rethinking about the process itself and its.

Because of this Mongolia did not intend to deregulate government with introduction of the NPM reforms. The government attempted to build both effective managerism and formal administrative rules and procedures with strong ethical regulations. If some countries implementing public service reform throw out the ten thousand-plus pages of personnel regulations amassed over the decades and discard their rules permitting departments to purchase most materials and services on their own (Peters G, 2001, p: 100) Mongolia took opposite direction of change. The government started adopting and enforcing new personnel and purchasing rules and regulations. In order to prevent corruption and preferential contracting it established and enforced rules on procurement and purchasing, requiring elaborate bidding procedures for even small purchase (Public Procurement Law of Mongolia, 2002). However, these rules and biding processes did not prevent government officials from making purchases in ways that involved corruption and preferential contracting.

In the transitional period on the one hand there is a need for deregulation or dismissal of the communist era’s rigid and arbitrary regulations and controls of the public bureaucracy. At the same time in order to function at least within some boundaries and strategic direction transitional public service needs new flexible, democratic regulations and controls. For this reason the transitional regime requested deregulation from the communist legacy and re-regulation in a new democratic way. In the end the public service of a transitional regime needs as much deregulation, as it needs re-regulation.

The Mixed Model of Reforming Government

After collapse of the communist regime Mongolia was left with “unregulated” and highly “flexible” governance. In order to achieve some degree of stability and predictability it developed a rule-bounded traditional public administration system. This was followed by introduction of the manageralist approach of the market model, promoting efficiency and accountability. Imposing a new output-based, contractual, market model, at the same time, the Mongolian government hopes to maintain and strengthen a merit-based, centralized traditional system of civil service. Furthermore, in order to promote law and order new rules and regulations were brought into the governing process. In addition, the Good Governance
program was initiated to facilitate transparency and citizens’ participation in all levels of civil service decision-making.

As was suggested by international consultants and donor organizations (Laking, 2000) the Mongolian government decided to establish effective central control over budget, staff and auditing as a necessary prior step to introduction of a market model of public service. Government established central control over the budget by creating a "Treasury Single Account" system in the Ministry of Finance and Economics. According to this system all public organizations are requested to have only one account under control of the ministry and pre-approval of expenditures for each month at the beginning of the month. In addition amending the LGS increased central control over staff, especially over the recruitment and promotion of senior civil servants. A centralized monitoring body was created by strengthening the State Auditing Authority’s responsibility to conduct annual, mandatory auditing of all government organizations.

Imposing NPM reforms has not removed the ex ante control over personnel, purchasing, and budgeting, but introduced ex post control by combining two mechanisms of control into one system. Development of the rule-bound traditional public administration system did not encourage accountability of public bureaucrats in many post-communist countries. The traditional approach to accountability required public bureaucrats to comply with rule-bound, standardized behavior as the basis for ‘error-free government” and fair service (Thomas, 2003). In contrast, bureaucrats and citizens in the transitional regimes were not respectful of the rules and regulations. Therefore, the Mongolian government decided to introduce new performance accountability, but not by shifting from compliance accountability. Instead, it enforces both it at same time. Thus, public organizations now face double accountability: more accountability for results with more procedural regulation.

Mongolia perceived NPM reform as a performance and output-oriented improvement of the traditional system of public service, not as a replacement or dismantling of the traditional system. This was a consensus that has reached after five years of extensive debate between 1997-2002 over maintaining the traditional system or imposing the NPM model.

In Mongolia there are contradictions emerging between the transition from the communist administration to the traditional system of public administration and attempts to introduce NPM reforms into new system. If the traditional system and transitional character of public administration requires a more regulated, stable and centralized approach, the market-based NPM reform requires deregulation, decentralization and flexibility. In order to combine development of a new system and reform of the system, along with traditional and NMP approaches to public administration Mongolia seems to be intending to paradoxically accomplish decentralization through highly centralized mechanisms, deregulation through highly regulatory mechanisms, flexibility through permanency mechanisms and participation within hierarchy. The transition that started with the goal of establishing stable, predictable and professional public administration, generated ambitious reform objectives that tried to cover all the ‘E’s (economy, efficiency, effectiveness, ethics, equalities, and equity) as well as other modern reform objectives like accountability and customer orientation. One of the characteristics of the Mongolian public administration transition is that it is moving faster than many other transitional countries in its reform process, incorporating most common concepts and elements from “a shopping basket” (Pollitt, 1995) of the NPM, and contemporary trajectories of civil service reform. Mongolia transition has thus ended up as a mixed model of reform.

As we can see from the most recent policy document on reforming public administration-“Civil Service Reform Medium-Term Strategy” (2004) within the NPM reform the Mongolian government is trying to find some balance between characteristics of centrally regulated career system and a competitive, performance based personnel management. Specifying the balance of elements and characteristics of the different models is the biggest challenge for public administration reform in transitional regimes. These countries cannot impose NPM without establishing a traditional system but they also cannot stay only with a traditional model of public service in a global environment. Transitional regimes need to establish a public administration system that reflects the specifics of the country and balances the characteristics of traditional public administration with the positive benefits of NPM. In the transitional regimes that are emerging from dictatorship, one-party domination and state monopoly, and any sign of bureaucracy and extreme position is seen as a legacy of the past, it is difficult to impose a strong type of traditional public administration. This is especially true in Mongolia, a small society with a traditional nomadic culture, and style of life with extreme and rapid liberalization, both of which meant that the traditional bureaucratic model of management was no longer favored. The requirement of
The balancing characteristics of the traditional system and important values of NPM in establishment of the public service in transitional regimes is apparent.

**The Factors Determined Mixed Model in Mongolian Public Administration Transition**

A transitional society is not a communist regime, but it is also not yet a market system. It has elements from both systems. Public administration in transitional regimes needs stable, regulated, traditional character as much as flexible, participatory, market mechanisms. First, the transition is a more unpredictable, mostly unique process that requires from administration a more entrepreneurial, flexible approach rather than the regulated, standardized approach that has been part of the Western market system. Many events, programs, procedures, regulations, and decisions in transition are only first time process that were not present before and are not going to be repeated again. In this respect, transitional regimes require more NPM-like approaches from public employees rather than traditional, standardized approaches. Second, the transition from an authoritarian system to a market society takes place in more open, democratic, participatory and global conditions than market regimes used to have in the time of the Cold War. Public service in the new society needs to be more democratic and market-oriented. Transition is a mixture of the characteristics of different systems from different times and perspectives. This society may need a more complicated system of public service. On one hand transitional regimes need to establish some stability and predictability, but on other hand they need to promote democratic changes. In order to achieve some degree stability and predictability in public service transitional regimes must build a traditional system of public administration. But in order to promote change and produce efficiency and effectiveness in public service and cope with social and economic development, these regimes need to introduce NPM reform. This is one reason to simultaneously accomplish developmental and reformist tasks of public administration in the post-Communist regimes.

All new models are made up of elements added to the traditional administration in order to achieve more effective and efficient service. One way for a transitional regime to introduce a new model of administration is first to establish traditional public administration or a traditional system with new elements. A more effective way to transition is to establish a public administration system with NPM elements from the beginning of the transition rather than starting with a traditional system and introducing civil service reform in the middle. Changing direction in middle of a transition without strategic planning from the beginning is not just ineffective and inefficient. Changes like that interrupt processes, slows energy and enthusiasm for previous change, generates uncertainty and disbelief, and requires time for discussion to overcome the resistance to the reform. Mongolia started by adopting a traditional system of public service and then began discussion about NPM reforms in the middle of the transition. It took five years to overcome misunderstanding and resistance, reach consensus and adopt the law and regulations and to introduce reform.

In a global world the public service transition of any country cannot be determined by internal conditions alone. As much as you cannot ignore internal factors, that much you cannot ignore external factors too. International conditions ‘push’ NPM reform onto the public administration system of the post-communist countries. The adoption of neo-liberal, market-embracing reforms is typically a condition for the approval of loans and other benefits (Dionyssis G. Dimitrakopoulos and Argyris G. Passas, 2003, p: 447.). If the internal conditions of post-communist regimes stand more for public administration development of the traditional bureaucratic system the external condition pushes more for NPM reform (Pratt, 2005)

Mongolia today is an extremely mixed society with the coexistence of nomadic and modern lifestyles; European and Asian cultures; former communist and modern market ideology, and ethics; and Roman-Germanic and Anglo-Saxon legal and administrative systems. Given this a mixed or “all fits in one” approach is the common method of organizing and making decisions, not only for everyday life, but for social-economic, political, and administrative processes. The “combining approach” to social transition and reform started with the constitutional reform. Mongolia is parliamentary republic with directly elected President as head of the Head of State. (The Constitution of Mongolia, Chapter 3, part 1, 2.) According to the constitution “Governance of administrative and territorial units of Mongolia shall be organized on the basis of a combination of the principles of both self-government and Central Government” (Chapter four, article 59) In other parts of the Constitution we can see attempts to combine “the tradition of national statehood, history and culture” and “the accomplishments of human civilization” (Preface) The traditional public administration system at the beginning of transition already had a mixed character. Principles and
elements of the new system were selected from different concepts and a different set of assumptions. If the main principles of civil service system were based on the career system, so some elements were drawn from a job system like training, recruitment and promotion. Many elements were selected from the
civil service practices of countries with different public administration system like Japan, the United
States, South Korea, Germany, Great Britain, and Sweden. Some civil service management elements,
like management by objective, costumer oriented management and performance management were
selected from NPM and adapted to a traditional civil service system.

Another reason that the Mongolian public administration system came to be a mixed model is the
political liberalization and consensual character of transitional polices. In societies where there is little
respect for laws and rules, where informal relations, stand above formal rules and regulation, to establish
a strong, centrally controlled, rule-bound bureaucracy, it is necessary to have permanent backing from a
stable majoritarian political regime. For example, a high degree of political stability without a fully
developed political party system characterizes comparatively successful implementation of the reform
processes in Kazakhstan to date (Verheijen, 2003, p: 495.). To the contrary, Mongolia is characterized by
political pluralism rather than a stable majoritarian regime. The political party system is polarized between
Ex-Communists and the opposition Democratic Parties and voters have been rotating them in office every
election. Accordingly, it was not possible for any of single interest or policy to establish stability. Because
of this in its public administration transition policy Mongolia tried to reach consensus among all interests.
This included interests of core civil servants and other public employee, elected officials, citizens and all
international donor organizations. This approach tended to create change without "losers", so that the
losing interest was directly represented in the new system. These balances may be possible only in
mixed system of public administration to some degree. Furthermore, after the election of 2004 Mongolia’s
opposing political parties - former Communists and Democratic coalitions - established not only a coalition
government, but, organized a joint coalition group in the Parliament. As stated by Pollit and Bouckeart
(2000, p: 48.) consensual regimes, whose innovations have higher lifetime expectancies, are politically
less susceptible to deep, radical reforms than majoritarian regimes.

Whenever the adopted system of public administration in a transitional regime does not work well
the common reaction is to impose one of the emerging models of public administration on top of the
existing one. The NPM reforms in transitional regimes tend to pile new models on the top of newly
established civil service systems. It is better to adopt a mixed system of public service from the beginning
of transition instead of piling one model on top of another. Furthermore, the process of organizing
government in transition has been to start with one reform from one donor and add on top of it another
reform from other donor in a cumulative fashion. Because it was initiated and sponsored from different
sources and supported inside the country from different political and administrative powers it soon is not
easy to find the right balance among the administrative dualisms.

Concluding Remarks

Many important administrative issues exist as dualisms among these contradictory factors (Peters 2001)
and the solutions for the organizational problems then tend to come in opposing pairs. (Simon, H. 1947.
referenced in Peters, 2001) Reform may be seen as a continuing search for the right balance among
factors in the administrative structure, (Peters, 2001) something true for all governments including
transitional regimes. In the case of Mongolia instead of choosing one direction for reform as the best
solution, or going in one direction and then switching to the opposite direction, there has been a search
for the right balance among the contradicting factors. The Mongolian approach of a mixed model of
reform has not achieved a proper balancing of conflicting elements and factors so far. An important issue
for further Mongolian public administration reform processes is to clarify these contradicting features of
change and find the most suitable balance of them in the process of change. This of course must be done
while being realistic about what is feasible in terms of economic, social and cultural resources and
emerging, often competing, interests.
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