

What makes a New Public Management reform successful? An institutional analysis¹

An introductory essay

Miklós Rosta – miklos.rosta@uni-corvinus.hu

Corvinus University of Budapest

April, 2011

Introduction

In this current study I'm offering a recommendation for the development of a model that could provide us with an answer to the following question: which factors influence the successful introduction of the reforms related to the New Public Management (NPM) movement? The question is relevant, since the East-Central European countries have just embarked on transforming their public administrations according to the NPM during the past years.

The introduction of the management techniques associated with the New Public Management movement has been on the agenda since the 80s in the developed capitalist countries. Numerous developed capitalist democracies have been successfully utilizing these techniques, although in certain countries they only rhetorically connected to the NPM, still the depth and the width of the reforms exhibit significant differences even in the case of the Western European countries.² (Goldfinch - Wallis [2009]), (Pollitt – van Thiel – Homburg [2007]) While in the case of the developed countries the literature reports numerous successes, for the countries of the periphery the introduction of the NPM instruments in most cases ended with failure.³ It is not surprising that the experts are discouraging developing

¹ The preparation of this paper was supported by the TÁMOP 4.2.1. framework-contract, in the research project called „ Knowledge based economy in Hungary, the conditions of the strengthening the motivation to innovate and increasing the R+D performance”. The author thanks Prof. Dr. András Blahó, Prof. Dr. Prof. Balázs Hámori, Prof. Dr. Katalin Szabó and Dr. László Tóth and Zsolt Horváth for their helpful suggestions and comments on the draft of the paper.

² The scientific literature of the NPM is characterized by the hegemony of authors with an Anglo-Saxon focus, who have decisively analyzed and considered as exemplary the practices of the Anglo-Saxon countries. It follows that they consider numerous NPM reforms taking place in continental Europe as unsuccessful, since they differ from the “ideal-typical” versions.

³ Many studies have been published about the results of the attempted reforms taking place in the developing countries. See, for instance: about the environmental reasons for failures of the developing countries: (Polidano [1999]) study, or about the NPM reforms of the public administration of the African countries, see: (Balogun

countries from applying NPM. (Lapsley [2009]), (Williams [2000]), (Hughes [2008]), (Dunleavy – Margetts – Bastow – Tinkler [2005]) In reality, the question is: what caused that certain states have been successful, while other countries had failed to transform their public administration in accordance with the NPM guidelines?

Some of those studies detailing the failures of NPM reforms stem from the bias of the authors: professionals who question the achievements of the movement think of it as if it had a well defined system of objectives, and that there are normatively described paths and instruments helping to obtain these objectives. However, in reality this is not the case. The beauty of the NPM is exactly that the movement means more of an approach with which the efficiency of public administration can be increased. According to (Pollitt – van Thiel – Homburg [2007], p. 2.), the NPM is nothing else than a shopping center, where the governments and the experts of countries can select management instruments closest to their taste⁴. The question is for who, what and when it is practical to “purchase”, and how should the “purchased” instruments be mixed, so that the results would turn out favorably. According to the model described in the current study, this fundamentally depends on the environment, on the institutional system.

In this study I introduce an institutional model that – according to my hypothesis – is able to answer the question of why the NPM movement is successful in certain countries and why it is most of the time unsuccessful in others. The model could provide an answer to the question of what institutional factors the success of the introduction of the NPM reform depends on, and also what are the reasons behind the failed attempts of the past. If with the help of the model we can identify those factors, which determine the success of the introduction of the NPM techniques, then it would enable us to provide recommendations on those groups of management instruments, which could be introduced successfully in a given

[2003]). The NPM reform of South Africa has been analyzed extensively in the literature. (Cameron [2009]) published an interesting paper about this. Finally, there is an illuminating paper about the transformation of the local public administration system in Malawi: (Tambulasi [2009]). The *Public Management Review* had dealt with the relationship between the developing countries and the NPM in an entire issue (Volume 3, Issue 3 of 2001).

⁴ „From this point of view, therefore, variation might be explained as ‘selective shopping’ from a varied and somewhat contradictory shop (the NPM).” (Pollitt – van Thiel – Homburg [2007], p. 2.)

country. Also, we could call attention to those NPM techniques that in an event of being introduced could even lead to opposite results to the objectives.⁵

Briefly about the New Public Management

The New Public Management, or as it is found in numerous studies the “new managerialism”, has evolved as a reform movement and as a scientific school during the late 1970s and early 1980s primarily in the Anglo-Saxon countries (Hood [1991]), (Barzelay [2001]). The movement has set out on its conquering path with the prime ministerial term of Margaret Thatcher commencing in 1979 and with the presidential term of Ronald Reagan commencing in 1980, so the initial steps can be linked to the conservative, neo-liberal economic movement (Mascarenhas [1993], p. 319.); (Deakin – Walsh [1996]); (Pollitt [1993]).⁶

The main objective of the scientific and political movement associated with the new NPM was to transform the traditional public administration in order to develop a more efficient, more adaptive and because of that a more effective operation. According to the supporters of the NPM, market coordination – in the decisive majority of the cases – is more capable of an effective allocation than bureaucratic coordination.

⁵ The recommended model has numerous limits. Because of the difficulties associated with data collection and modeling, and also the methodological weaknesses of the statistical instruments in economics, the model employs significant simplifications. The author is aware of that besides the application of the modeling technique the preparation of case studies is indispensable for answering the above questions. The preparation of case studies is a good complement to the statistical analysis, because it requires another type of scientific approach. Because of the volume restrictions I dispense with the detailed introduction of the weaknesses of the described model. Now, I just call attention to the fact that the model can only provide theoretical recommendations on the certain techniques related to the NPM movement (for instance, the introduction of PPP or performance-based wages), since currently we do not have sufficient amount of data to prepare an analysis that could ensure a valid assessment. Therefore, we can only forecast the success on the aggregate level and not on the levels of the given techniques.

⁶ “The New Right” and neo-liberalism as a school of economic policy has been standing in the crossfire during the past years. See, for instance: (Stilwell [2009]) paper, in which he interprets the numerous problems of the global economy as the effect of The New Right, namely the neoliberal economic policy. For details on neo-liberalism and on the neoliberal state, see: (Harvey [2005]). About Margaret Thatcher’s prime ministerial performance, I recommend to the interested Reader two chapters of (Evans [2001], pp. 53-78.). However, some authors do not link the NPM to the new right and to the neoconservative – neoliberal economic policy. For more details on the theoretical background of the NPM in economics, see: (Gruening [2001]).

„Thus co-ordination may be achieved by hierarchy, network or market (Kaufmann, Majone and Ostrom, 1986; Thompson, Frances, Levacic and Mitchell, 1991). The main thrust of NPM reforms has been, de facto, that market and network forms of co-ordination – especially market forms – should wherever possible be substituted for hierarchical co-ordination.” (Pollitt - Bouckaert [2000], p. 80.)⁷

It follows that according to the advocates of the NPM, the reduction in government spending and the raising of the quality standards of public services can be achieved through the strengthening of market coordination and competition. In the Anglo-Saxon countries the advocates of the NPM wished to actualize these abstract ideas into practice through suggesting a stronger presence of market coordination in the organizations of the public sphere, while putting special emphasis on the stronger application of the management techniques of actors of the private sphere. The acceptance of the primacy of market coordination, and at the same time the demand for the rolling back of bureaucratic coordination in the field of public services, signals that the foundations of NPM in economics is linked to Hayek and Mises – namely to the new Austrian school – and to “a rage of influential new right thinkers” (Dunleavy [1986], p. 15.) namely to the representatives of public choice theory, so among others to Buchanan, Tullock, Betton and Niskanen.⁸

Aside from formulating abstract objectives, the advocates of the NPM had diversified expectations and they attempted to actualize these through a diversified toolkit. According to (Hood [1991], p. 3.) the NPM can be linked to four “administrative megatrends”:

“(i) attempts to slow down or reverse government growth in terms of overt public spending and staffing (Dunsire and Hood 1989);

(ii) the shift toward privatization and quasi-privatization and away from core government institutions, with renewed emphasis on 'subsidiarity' in service provision (cf. Hood and Schuppert 1988; Dunleavy 1989).

⁷ According to (Pollitt – Bouckart [2000], pp. 93-94.), countries most committed to market coordination are: United Kingdom, New Zealand, Australia, and in some cases Finland and Sweden. The authors call this group of countries: “marketizers”.

⁸ We can read an intriguing analysis of Mises’ and Niskanen’s bureaucracy theory in: (Carnis [2009]). (Larbi [1999]) and (Gruening [2001]) provide an excellent overview of the political economic basis of the NPM. The foundations of public choice theories and their link to the NPM and to the privatizational processes associated with that are summarized by (Dunleavy [1986]) and (Cuervo – Villalonga [2000]).

(iii) the development of automation, particularly in information technology, in the production and distribution of public services; and

(iv) the development of a more international agenda, increasingly focused on general issues of public management, policy design, decision styles and intergovernmental cooperation, on top of the older tradition of individual country specialisms in public administration.” (Hood [1991], p. 3.)

During the realization of the aforementioned objectives by Hood, the countries of the centre applied various management techniques, which are summarized by (Schedler – Proeller [2002], p. 165.) in the following table.

Table 1.

Generic element categories of NPM

Category	Characteristics / objectives	Examples
Organizational restructuring	Delegation of responsibility Reduction of hierarchy Political and managerial roles	City managers Holding structure
Management instruments	Output orientation Entrepreneurship Efficiency	Performance agreements Products Performance-related pay
Budgetary reforms	Closer to private sector financial instruments	Cost accounting Balance sheet Profit and loss statements
Participation	Involvement of the citizen	Neighbourhood councils E-democracy
Customer orientation Quality management	Gain legitimacy in service delivery Re-engineering	One-stop shop Service level agreements E-government
Marketization Privatization	Reduction of public sector Efficiency gains through competition	Contracting out Public – private partnerships

Source: Based on Schedler – Proeller ([2002], p. 165.)⁹

⁹ As we can see the formulations of (Hood [1991]) and (Schedler – Proeller [2002]) do not entirely match. This is no accident, since both in practice and in theory there had been significant changes taking place during the 11 years that set apart the births of the two pieces. However, the early works of Hood up until today have been the starting-points of the works dealing with the NPM. (Hood [1991]), (Dunleavy - Hood [1994]), (Hood [1995]).

The “classic” version of the NPM has been introduced primarily in the Anglo-Saxon countries: United Kingdom, New Zealand, Australia, United States of America and Canada. (Pollitt – Bouckaert [2000]) In continental Europe it was the Netherlands that applied first and most penetratingly the NPM instruments.¹⁰ (Hemerijck - Huiskamp - de Boer [2002]), (Pollitt – van Thiel – Homburg [2007])

The Scandinavian countries were also open to the application of the NPM instruments; however, they did not aim to simply copy the instruments that had been successfully implemented in the Anglo-Saxon countries, rather they employed these management techniques tailored to their own institutional environments. (Green-Pedersen [2002]), (Lotz [2006]), (Goldfinch – Wallis [2009]) The objectives were fundamentally the same: they wished to create a more effective and more efficient public administration, but for this they significantly altered the previous toolkit of the NPM, they instituted something else and doing it differently than the Anglo-Saxon countries. The emphasis has shifted from the reduction of the role of the state to the encouragement of citizen participation, to the inclusion of the citizens into the decisions pertaining to public affairs and into their executions. The other Western European countries – France (Cole – Jones [2005]), (Wollmann [2008]) Germany (Reichard [2003]), (Wollmann [2000]), Italy (Ongaro [2009]), Spain (Barzelay – Gallego [2010]), (Ongaro [2009]) – have also adapted the NPM toolkit with more or less success, which means that they have tailored the Anglo-Saxon institutional innovations to their own informal and formal institutional environments.¹¹

¹⁰ Three chapters of the book of (Pollitt – van Thiel – Homburg [2007]) also analyze the differences between the British and the Dutch reforms: (van Thiel – Pollitt [2007], pp. 52-70.) introduces the differences in the governance of the executive agencies, (Klijn – Edelenbos – Hughes [2007], pp. 71-89.) compare the PPP co-operations, while (Pollitt [2007], pp. 149-164.) examines the differences in the performance indicator systems employed by hospitals.

¹¹ The reforms significantly differed in their depth and width (Bouckaert et al. [2009]). Certain countries, for instance Austria and Denmark, had employed the NPM instruments moderately and only in certain fields. On Denmark for instance see the paper of (Greve [2006]), which introduces the realized NPM reforms in the Danish central public administration, or see the working paper of (Blom-Hansen – Christiansen – Fimreite – Selle [2009]), in which the authors analyze the reform experience of the regional public administration in Denmark and Norway. On Austria, see: the writing of (Promberger – Rauskala – Cecon [2004]) and (Hammarschmid – Meyer [2005]). In the particular countries the reforms took place on various levels of public administration and they affected various fields, so while in France the reforms were carried out on the levels of the central public administration, in Germany the reforms effected mainly the local governments. (Hoffmann-Martinot – Wollmann [2006]).

The model

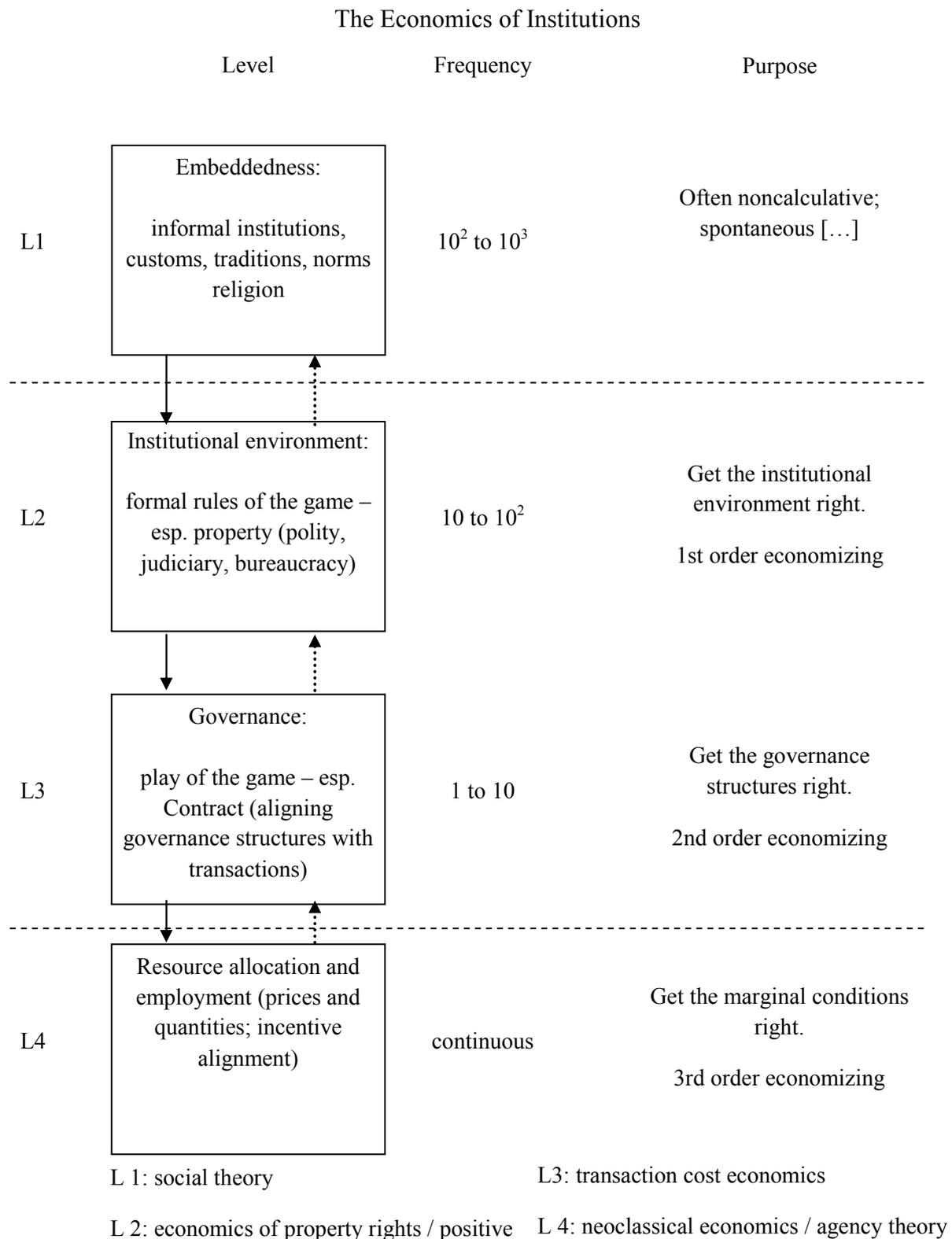
The subject of the current study can be only studied through an interdisciplinary approach. I rely on the findings of economics, especially on the findings of the new institutional school (North [1990])¹², (Williamson [1998]) on the findings of sociology, primarily on the findings of economic sociology (Granovetter [1990]) and (Nee [2003]), and the findings on cultural analyses (Hofstede [2008]).

I share (Kornai [1999]) point of view, according to which social processes cannot be understood by static models, only a historical review can provide adequate information for understanding the process. The model described in this current study is still static, because of methodological reasons. However, with improvements it can be made dynamic. During the development of the model, I set out from (Williamson [1998]) and (Williamson [2000]) works, which position the changes of the specific institutional levels in time, stating that the informal institutions in the long run (10^2 and 10^3 years), the formal institutions in the medium-term (10 and 10^2 years) are unchanged, while changes to the factors linked to the government is possible even in the short run (1 and 10 years).¹³

¹² Other works by Douglass North that are considered as the foundations of the new institutional economics: (North [1984]), (North [1991]).

¹³ However, for the collection of the data for the model I did not consider the various Williamsonian time frames. The reason is that for a model based on Williamson's approach it would have been enough to collect data for the informal and formal institutions at a single point of time, for the year of 1980. Still, I did not do that, because the proxy variables linked the informal and formal institutions in my opinion do not have those characteristics that the informal and formal institutions, they change even in the short run.

Figure 1.



Source: (Williamson [2000], p. 597.)

The first level in Figure 1. contains those factors, which – according to our hypothesis – fundamentally influence the successful introduction of the NPM reforms. These factors are often simply considered by the new institutional economists as givens. According to (Williamson [1998]) those rules belong to here, which might even be unconsciously followed by the members of the society. (North [1991], p. 97.) has called this block as informal institutions, and he has included in this category social norms, traditions and customs. In this block of our model we also employ the concept of culture in terms of Hofstede’s understanding, since as (Hofstede [2008], p. 35.) writes:

“The culture practically consists of the unwritten rules of the social game.”

According to (North [1991]) the informal institutions have a decisive influence on the economic process, the explanation of which is primarily attributed to (Granovetter [1990]), who has contributed to the understanding of the influence of the informal institutions with the introduction of the concept of embeddedness.¹⁴

The second level contains those formal rules that have been termed as formal institutions by (North [1984]): the system of property rights, the constitution and laws. These are the formal rules of the game, which gain form and become significant in the social sphere created by the informal institutions. (North [1984], p. 8.) characterizes the relationship between the informal and the formal institutions as the following:

„We may say that institutions consist of a set of constraints on behavior in the form of rules and regulations; a set of procedures to detect deviations from the rules and regulations; and, finally, a set of moral, ethical behavioral norms which define the contours and that constrain the way in which the rules and regulations are specified and enforcement is carried out.”(North [1984], p. 8.)

The regulating power of the formal institutions can differ from culture to culture; in certain societies it is stronger, while in others it is weaker. The contribution of the formal institutions to regulate the social processes (as formal rules of the game) depends

¹⁴ The new institutional school has been dealing with the concept of institutions in details, see: (North [1990]), (Williamson [2000]), (Hodgson [2006]), (Aoki [2005]).

fundamentally on the informal institutions. There are numerous questions left open in regards to these relationships and mechanisms, in any case based on research findings it is unequivocal that these processes are historically determined.¹⁵ (Greif – Tabellini [2010]), (Greif [2006]) The changing of the formal rules of the game is also a slow process, which – according to (Williamson [1998]) – take place primarily as a result of external factors: civil wars, economic crises, foreign occupation, collapse of political systems.

For the third and the fourth factors, namely for the change of governance and resource allocation, we can bring up examples even from our own lives. These levels apply to the current functioning of the system inside the framework marked out by the informal and formal institutional levels. While the first two levels regulate the content of the actors' actions, means that the emphasis is on the question what, on these levels the emphasis is on the question of how. The answer given to the question of how significantly influences the efficiency of the system, since the regulation of the coordination mechanisms, the determination of the ratio of the market and bureaucratic coordination take place on these levels. However, this regulation can neither go against social norms and values in the long run, nor formal institutional regulations. While the third level refers to governance activity, the fourth level calls attention to the neoclassical microeconomic foundations of market coordination. At this level, (Williamson [1998]) determines the criteria for the establishment of the market equilibrium, which refers to the coordination of prices and quantities. I consider it important to note that it could appear to the superficial observer that certain government interventions or some charismatic leader can change the culture of the society in the short run. In relation to this, it is worth to quote the ideas of (Hofstede [2008], pp. 38-43.), according to whom culture is like an onion. At its core we can find those social values, which are immensely tenacious, so they barely change over time and at a given time can be considered as unchangeable. The outer layers of the onion consisting of rituals, heroes, symbols – collectively termed “practices” by Hofstede – are changes more easily and more often through time. Even though many politicians claim that they are capable of changing them, even the practices that provide the outer layer of the cultural values cannot be easily changed during one political cycle. However, it is a fact that temporarily as a result of a current decision, certain symbols can increase in strength, their use can become more frequent, but this does not mean the culture and the values of society are altered.

¹⁵ About the difference between the informal and the formal institutions, see: (Redmond [2005])

When combining the cultural concept of (Hofstede [2008]) with (Williamson [1998]) institutional economics, we need to keep in mind that “embeddedness” is considered by Williamson as the first level, while it means the most inner core of Hofstede’s cultural onion, namely the values. (Hofstede [2008], p. 43.) make a distinction between the various levels of culture: national level; regional, ethnic, religious, lingual affiliation level; gender level; generation level; social class level; and in the case of employees the organizational level. Hofstede assigns the national, the gender and the cultural levels to the first level of Williamson’s model.

The uniqueness of the NPM reforms stems from that changes generated by them designate cultural changes. The undeclared aim of the NPM movement is the attitude change in the public sphere, namely the alteration of the organizational culture of the public sector.¹⁶ However, the organizational structure can be changed even in the short run, and this is not only stated by Hofstede, but by experts of change management and proven by successful practical examples. It follows that the organizational culture is not located in the first level of the Williamson’s model, more like it is connected on the third level.¹⁷

The described model, based on which I wish to examine the possibility of a successful introduction of the NPM reforms, is quite simple, static, all together it contains two explanatory and one result blocks. Because of simplification, I do not indicate separately the interaction between the various blocks in Figure 2., since the main direction of causality according to my hypothesis is unequivocally goes from block 1. through 2 to the explanatory variable. All this, however, does not mean that during the statistical analysis we would not shed light on the interactions; it only means that during the depiction of the model I consider it sufficient to highlight the main cause and effect relationships.¹⁸

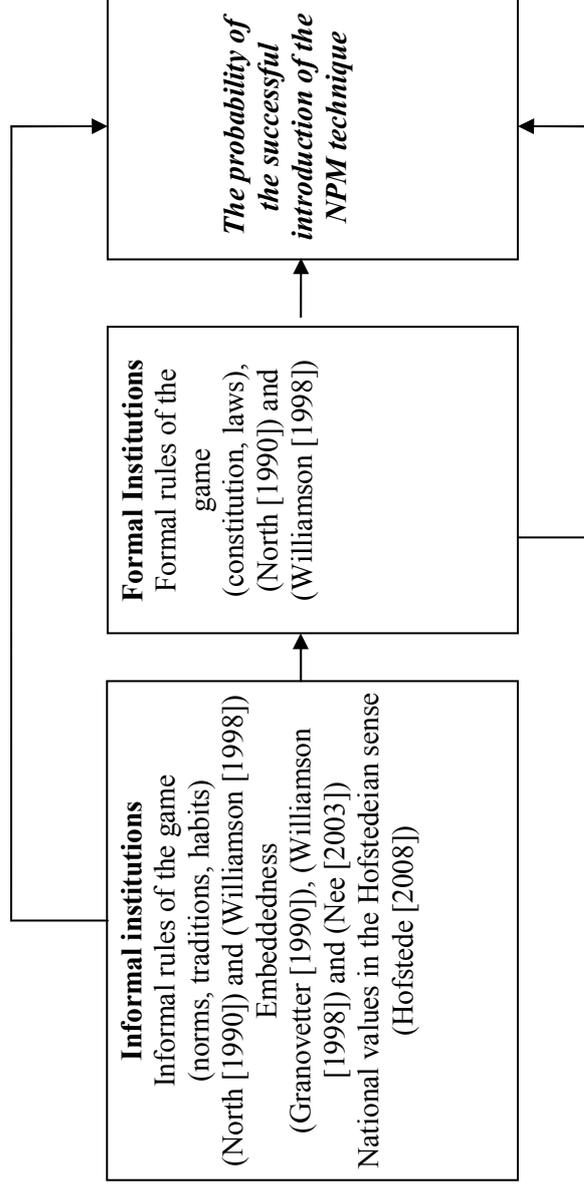
¹⁶ (Shein [1983], 1-2. old) define organizational culture as: “the pattern of basic assumptions which a given group has invented, discovered or developed in learning to cope with its problems of external adaptation and internal integration, which have worked well enough to be considered valid, and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.”

¹⁷ Here, I would like to refer to (Luhmann [2006]) social system theory, according to which a social system is predominantly defined by its environment. This current study examines exactly that whether the bureaucratic public administration – which we can consider as one independent system – can be changed successfully by the influence of an external reform, if the reform does not fit into the environment of the system, which I define here as the shell surrounding the system. (Luhmann [2006], p. 38.) in fact has a more radical assertion: “...a system *is* the difference between system and environment”.

¹⁸ When constructing the model, I was inspired by (Kornai [1993], pp. 380-388.) explanatory theory of the workings of socialism and by the model linked to that.

Figure 2.

The causality between the determining factors of the successful introduction of the NPM



The author's own diagram

In the course of the analysis I have processed data from 31 countries in order to be able to draw relevant conclusions. Besides 27 European countries I have included Australia, Canada, New Zealand and the United State of America. I have complemented the database of the European countries with the Anglo-Saxon countries, because the NPM reform movement had developed the earliest and it transformed the public sphere at the most depth and width in these countries. After reviewing the literature, we can conclude that so far nearly 60 countries have attempted to introduce the NPM reforms, with significantly differing results.¹⁹ All this is important, because if the model fulfills our hopes, then the database can be further extended, and by doing so, the reliability of the regression analysis can be further strengthened.

The datasets of the model for the each country come from different time frames, since the various countries joined the NPM reforms waves at different times. I have set three time periods for the countries under examination. In the case of the first wave, the beginning of the NPM reforms is dated back to about the early 1980s. During this period mostly the Anglo-Saxon countries were the forerunners of the NPM movement, it were the USA, Australia, the United Kingdom and New Zealand together with the only continental European country of the Netherlands, who had introduced the reforms. In the case of these countries, I have filled the model with data from the 1980s and I labeled them as *innovators*, since it is unequivocal that the instruments and the underlying approach of the NPM movement had been worked out and lifted into the public discourse by the experts and politicians of these countries. The next group – in which the developed Western European countries belong to –, had adopted the NPM reforms during the 1990s. These countries were labeled as *adaptors*, since they have not only schematically instituted the Anglo-Saxon versions of the NPM reforms, but they have tailored them to their own institutional environment.²⁰ In the case of the adaptor countries I used data from the 1990s. Finally I analyzed the Central-Eastern- European countries, which I labeled as *imitators*.²¹ They had mostly got to the level of development necessary for the

¹⁹ After reviewing the literature, I have found studies about the NPM reforms of the following countries: Australia, Austria, Bangladesh, Belgium, Bolivia, Botswana, Brazil, Bulgaria, Canada, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Ghana, Greece, Ireland, Italy, Israel, Japan, Kenya, Lesotho, Latvia, Lithuania, Malaysia, Malawi, Mexico, Mongolia, Morocco, Nepal, the Netherlands, New Zealand, Norway, Poland, Portugal, Uganda, United Kingdom, USA, Romania, Rwanda, Senegal, Singapore, Slovakia, Slovenia, South Africa, South Korea, Spain, Sri Lanka, Switzerland, Tanzania, Zambia, Zimbabwe.

²⁰ I have included the following countries into the group of adaptors: Finland, Sweden, France, Denmark, Germany, Italy, Norway, Austria, Belgium, Portugal, Greece, Ireland, Switzerland, Spain.

²¹ I have included the following countries into the group of imitators: Bulgaria, Latvia, Lithuania, Estonia, Slovenia, Czech Republic, Poland, Slovakia, Romania and Croatia.

implementation of the NPM methodology during the beginning of the new millennium. In order to catch up the Central-Eastern-European countries are forced to implement the reforms in a rush, primarily because the public is dissatisfied with pace of development, and also because the European Union is also expecting imitation instead of adaptation from them. In the case of the imitators I have worked with the data for year 2000. The logic behind the various time periods is that the cause must precede the effect. It follows that for instance in the case of the reform introduced in 1984, we cannot work with the data of the World Value Survey from 2000; we can only use data from before 1984.

In summary, in the briefly introduced model I searched for an answer to the question of: what reform should a given country undertake, if we consider its institutional environment and its historical traditions, or in other words, if we know the country's characteristic informal institutions (Block 1.) and the formal institutions (Block 2.).

References

1. Aoki, M. [2005]: Schumpeterian Innovation of Institution. Working Paper. Downloaded: <http://michau.nazwa.pl/aska/uploads/Studenci/MIGR-tekstMAoki.pdf>, Accessed: 10th September 2010.
2. Balogun, M. J. [2003]: Performance Management and Agency Governance for African Development: The Search for Common Cause on Excellence in the Public Service. United Nations Economic Commission for Africa, Addis Ababa. Downloaded: <http://unpan1.un.org/intradoc/groups/public/documents/cafrad/unpan009775.pdf>; Accessed: 23rd November 2010.
3. Barzelay, M. – Gallego, R. [2010]: The Comparative Historical Analysis of Public Management Policy Cycles in France, Italy and Spain: Symposium Conclusion. *Governance*, Vol. 23., No. 2., pp. 297-307.
4. Barzelay, M. [2001]: The New Public Management. Improving Research and Policy Dialogue. University of California Press, Berkeley
5. Blom-Hansen, J. – Christiansen, P. M. – Fimreite, A. L. – Selle, P. [2009]: Choosing the Right Reform Strategy: Explaining the Perplexing Results of Regional Government Reforms in Norway and Denmark. Working Paper prepared for presentation at the meeting of the Nordic Local Government Researchers, Åbo, Finland, 16-18th of November 2009.
6. Bouckaert et al. [2009]: Public Management Reforms in Central and Eastern Europe. NISPAcee Press, Bratislava
7. Cameron, R. [2009]: New Public Management Reforms in the South African Public Service: 1999-2008. Working Paper, Paper presented at Political departmental seminar, University of Cape Town, Department of Political Studies, 28th of April, 2009.
8. Carnis, L. A. H. [2009]: The Economic Theory of Bureaucracy: Insights from the Niskanian Model and the Misesian Approach. *The Quarterly Journal of Austrian Economics*, Vol. 12., No. 3., pp. 57–78. Downloaded: http://mises.org/journals/qjae/pdf/qjae12_3_4.pdf; Accessed: 18th of June, 2010.
9. Cole, A. – Jones, G. [2005]: Reshaping the State: Administrative Reform and New Public Management in France. *Governance*, Vol. 18., No. 4., pp. 567-588.
10. Cuervo, A.- Villalonga, B. [2000]: Explaining the variance in the performance effects of privatization. *Academy of Management Review*, Vol. 25., No. 3., pp. 581-590.

11. Deakin, N – Walsh, K. [1996]: The enabling state: The role of markets and contracts. *Public Administration*, Vol. 74., No. 1., pp. 33-47.
 12. Dunleavy, P. – Hood, C. [1994]: From Old Public Administration to New Public Management. *Public Money & Management*, Vol. 14., No. 3., pp. 9-16.
 13. Dunleavy, P. – Margetts, H. – Bastow, S. – Tinkler, J. [2005]: New Public Management is dead – long live digital-era governance. *Journal of Public Administration Research and Theory*, Vol. 16., No. 1., pp. 467-494.
 14. Dunleavy, P. [1986]: Explaining the privatization boom: public choice versus radical approaches. *Public Administration*, Vol. 64., No. 1, pp. 13-34.
 15. Evans, E. J. [2001]: Thatcher and Thatcherism. Taylor & Francis e-Library
 16. Goldfinch, S. F. – Wallis, J. L. (eds.): International Handbook of Public Management Reform, Edward Elgar, Cheltenham
 17. Granovetter, M. [1990]: Economic Institutions as Social Constructions: A Framework for Analysis. *Acta Sociologica*, Vol. 35., No. 1., pp. 3-11.
 18. Green-Pedersen, C. [2002]: New Public Management Reforms of Danish and Swedish Welfare States: The Role of Different Social Democratic Responses. *Governance*, Vol. 15., No. 2., pp. 271-294.
 19. Greif, A. – Tabellin, G. [2010]: Cultural and Institutional Bifurcation: China and Europe Compared. *American Economic Review*, Vol. 100., No. 2., pp. 135-40.
 20. Greif, A. [2006]: Institutions: Theory and History Comparative and Historical Institutional Analysis. Cambridge University Press, Cambridge
 21. Greve, P. [2006]: Public Management Reform in Denmark. *Public Management Review*, Vol. 8., No. 1., pp. 161 – 169.
 22. Gruening, G. [2001]: Origin and theoretical basis of new public management. *International Public Management Journal*, Vol. 4., No. 1., pp. 1-25.
 23. Hammerschmid, G. – Meyer, R. E. [2005]: New Public Management in Austria: Local Variation on a Global Theme? *Public Administration*, Vol. 83., No. 3., pp. 709-733.
 24. Harvey, D. [2005]: A Brief History of Neoliberalism. Oxford University Press, Oxford
 25. Hemerijck, A. - Huiskamp, R. - de Boer, R. [2002]: Public sector reform under EMU. A literature review. Luxemburg: Office for Official Publications of the European Communities.
- Downloaded:
<http://www.eurofound.europa.eu/pubdocs/2002/03/en/1/ef0203en.pdf>; Accessed: 26th of
 November, 2010.

26. Hodgson, G. M. [2006]: What Are Institutions? *Journal of Economic Issues*, Vol. 40., No. 1., pp. 1-25.
27. Hoffmann-Martinot, V. – Wollmann, H. (eds.) [2006]: State and Local Government Reforms in France and Germany. Divergence and Convergence. VS Verlag für Sozialwissenschaften, Wiesbaden
28. Hofstede, G. – Hofstede, G. J. [2008]: Kultúrák és szervezetek. Az elme szoftvere. VHE Kft, Pécs
29. Hood, C. [1991]: A public management for all seasons? *Public Administration*, Vol. 69., No. 1., pp. 3-19.
30. Hood, C. [1995]: The „New Public Management” in the 1980s: Variations on a theme. *Accounting, Organizations and Society*. Vol. 20., No. 2-3., pp. 93-109.
31. Hughes, O. [2008]: What is, or was, New Public Management? Paper presented at the 12th Annual Meeting of the International Research Society of Public Management, Brisbane, 27th March, 2008.
32. Klijn, E-H. – Edelenbos, J. – Hughes, M. [2007]: Public –Private Partnership: a Two-Headed Reform. A Comparison of PPP in England and the Netherlands. In: Pollitt, C. – van Thiel, S. – Homburg, V. (eds.): *New Public Management in Europe. Adaptation and Alternatives*. Palgrave Macmillan, New York, pp. 71-89.
33. Kornai, J. [1993]: A szocialista rendszer. Kritikai politikai gazdaságtan. Heti Világgazdaság Kiadó Rt., Budapest
34. Kornai, J. [1999]: A rendszerparadigma. *Közgazdasági Szemle*, Vol. XLVI., No. 7-8., pp. 585–599.
35. Lapsley, I. [2009]: New Public Management: The cruellest Invention of the Human Spirit? *Abacus*, Vol. 45., No. 1., pp. 1-21.
36. Larbi, G. A. [1999]: The New Public Management Approach and Crisis States. UNRISD Working Paper, No. 112., September 1999., Downloaded: <http://www.pogar.org/publications/other/unrisd/dp112.pdf>; Accessed: 18th of June, 2010.
37. Lotz, J. [2006]: Accountability and Control in the Financing of Local Government in Denmark. *OECD Journal on Budgeting*, Vol. 5., No. 2., pp. 55-67.
38. Luhmann, N. [2006]: System as Difference. *Organization*, Vol. 13., No. 1., pp. 37-57.
39. Mascarenhas, R. C. [1993]: Building an Enterprise Culture in the Public Sector: Reform of the Public Sector in Australia, Britain, and New Zealand. *Public Administration Review*, Vol. 53., No. 4., pp. 319-328.

40. Nee, V. [2003]: New Institutionalism, Economic and Sociological. Working Paper. Center for the Study of Economy and Society, Cornell University, Downloaded: <http://www.soc.cornell.edu/faculty/nee/pubs/newinstitutionalism.pdf>, Accessed: 7th of September 2010.
41. North, D. [1984]: Transaction Costs, Institutions, and Economic History. *Journal of Institutional and Theoretical Economics*, Vol. 140., No. 1., pp. 7-17. In: Furubotn, E. G. – Richter, R. [1991]: The New Institutional Economics. A Collection of Articles from the Journal of Institutional and Theoretical Economics JITE. J.C.B. Mohr, Tübingen, pp. 203-213.
42. North, D. C. [1990]: Institutions, Institutional Change and Economic Performance. Cambridge University Press, Cambridge
43. North, D. C. [1991]: Institutions. *Journal of Economic Perspectives*, Vol. 5., No. 1., pp. 97-112.
44. Ongaro, E. [2009]: Public Management Reform and Modernization. Trajectories of Administrative Change in Italy, France, Greece, Portugal and Spain. Edward Elgar, Cheltenham
45. Polidano, C. [1999]: The new public management in developing countries. IDPM Public Policy and Management Working Paper, No. 13., Institute for Development Policy and Management, University of Manchester
46. Pollitt, C. - Bouckaert, G. [2000]: Public Management Reform. A Comparative Analysis. Oxford University Press, Oxford
47. Pollitt, C. – van Thiel, S. – Homburg, V. (eds.) [2007]: New Public Management in Europe. Adaptation and Alternatives. Palgrave Macmillan Publishing, New-York
48. Pollitt, C. – van Thiel, S. – Homburg, V. [2007]: Introduction. In: Pollitt, C. – van Thiel, S. – Homburg, V. (eds.): New Public Management in Europe. Adaptation and Alternatives. Palgrave Macmillan, New York, pp. 1-9.
49. Pollitt, C. [1993]: Occasional Excursions: A Brief History of Policy Evaluation in the UK. *Parliamentary Affairs*, Vol. 46., No. 3., pp. 353-362.
50. Pollitt, C. [2007]: Hospital Performance Indicators: How and Why Neighbours Facing Similar Problems Go Different Ways – Building Explanations of Hospital Performance Indicator Systems in England and the Netherlands. In: Pollitt, C. – van Thiel, S. – Homburg, V. (eds.): New Public Management in Europe. Adaptation and Alternatives. Palgrave Macmillan, New York, pp. 149-164.

51. Promberger, K. – Rauskala, I. – Cecon, F. [2004]: Public Management Reforms in Austria. Working Paper, No. 15/2004., University of Innsbruck, European Academy Bolzano.
52. Redmond, W. H. [2005]: A Framework for the Analysis of Stability and Change in Formal Institutions. *Journal of Economic Issues*, Vol. 39, No. 3, 665-681. old.
53. Reichard, Ch. [2003]: Local Public Management Reforms in Germany. *Public Administration*, Vol. 81., No. 2., pp. 345-363.
54. Schedler, K. – Proeller, I. [2002]: The New Public Management. A perspective from mainland Europe. In: McLaughlin, K. – Osborne, S. P. – Ferlie, E. (eds.): *New public management: current trends and future prospects*, Routledge, New York, pp. 163 – 180.
55. Shein, E. H. [1983]: Organizational culture: A dynamic model. Working Paper No. WP 1412-83, Massachusetts Institute of Technology, 50 Memorial Drive Cambridge, Massachusetts 02139 Downloaded: <http://dspace.mit.edu/bitstream/handle/1721.1/48689/organizationalcu00sche.pdf?sequence=1>, Accessed: 8th of March, 2011.
56. Stilwell, F. [2009]: The New Right Were Wrong. *Social Alternatives*, Vol. 28., No. 1., pp. 7-11.
57. Tambulasi, R. I. C. [2009]: All that glisters is not gold: new public management and corruption in Malawi's local governance. *Development Southern Africa*. Vol. 26., No. 2., pp. 173-188.
58. Van Thiel, S. – Pollitt, C. [2007]: The Management and Control of Executive Agencies: an Anglo-Dutch Comparison. In: Pollitt, C. – van Thiel, S. – Homburg, V. (eds.): *New Public Management in Europe. Adaptation and Alternatives*. Palgrave Macmillan, New York, pp. 52-70.
59. Williams, D. W. [2000]: Reinventing the Proverbs of Government. *Public Administration Review*, Vol. 60., No. 6., pp. 522-534.
60. Williamson, O. E. [1998]: The Institutions of Governance. *The American Economic Review*, Vol. 88., No. 2., pp. 75-79. Remark: Papers and Proceedings of the Hundred and Tenth Annual Meeting of the American Economic Association
61. Williamson, O. E. [2000]: The New Institutional Economics: Taking Stock, Looking Ahead. *Journal of Economic Literature*, Vol. 38., No. 3., pp. 595-613.
62. Wollmann, H. [2000]: Local Government modernization in Germany: Between incrementalism and reform waves. *Public Administration*, Vol. 78., No. 4., pp. 915-936.

63. Wollmann, H. [2008]: Comparing Local Government Reforms in England, Sweden, France and Germany. Downloaded: www.wuestenrot-stiftung.de/download/local-government, Accessed: 15th of August, 2010.

Proxy-variables
Informal institutions

The name of the proxy-variable	Source	Period	Question	
Trust	World Value Survey / European Value Survey	A165.- Most people can be trusted	Generally speaking, would you say that most people can be trusted or that you can't be too careful in dealing with people?	
		WVS 1981, 1990, 1995, 2000	E085.- Confidence: Justice System	Please look at this card and tell me, for each item listed, how much confidence you have in them, is it a great deal, quite a lot, not very much or none at all?
		EWS 1981, 1990, 1999	E076.- Confidence: The Civil Services	Please look at this card and tell me, for each item listed, how much confidence you have in them, is it a great deal, quite a lot, not very much or none at all?
			E075.- Confidence: Parliament	Please look at this card and tell me, for each item listed, how much confidence you have in them, is it a great deal, quite a lot, not very much or none at all?
Optimistic / Pessimistic - Happy / Sad	World Value Survey / European Value Survey	WVS 1981, 1990, 1995, 2000	Taking all things together, would you say you are...	
		A008.- Feeling of happiness	All things considered, how satisfied are you with your life as a whole these days?	
	EWS 1981, 1990, 1999	A170.- Satisfaction with your life	How satisfied are you with the financial situation of your household?	

	C033.- Job satisfaction	Overall, how satisfied or dissatisfied are you with your job?
Fairness	<p style="text-align: center;">World Value Survey / European Value Survey</p> <p style="text-align: center;">WVS 1981, 1990, 1995, 2000</p> <p style="text-align: center;">EWS 1981, 1990, 1999</p> <p style="text-align: center;">E035.- Income equality</p>	<p>Imagine two secretaries, of the same age, doing practically the same job. One finds out that the other earns \$50 a week more than she does. The better paid secretary, however, is quicker, more efficient and more reliable at her job. In your opinion, is it fair or not fair that one secretary is paid more than the other?</p> <p>Now I'd like you to tell me your views on various issues. How would you place your views on this scale? 1 means you agree completely with the statement on the left, 10 means you agree completely with the statement on the right, or you can choose any number in between. A) Incomes should be made more equal There should be greater incentives for individual effort.</p>
Tolerance	<p style="text-align: center;">World Value Survey / European Value Survey</p> <p style="text-align: center;">WVS 1981, 1990, 1995, 2000</p> <p style="text-align: center;">EWS 1981, 1990, 1999</p> <p style="text-align: center;">A035.- Important child qualities: tolerance and respect for other people</p> <p style="text-align: center;">A125.- Neighbours: People of a different race</p> <p style="text-align: center;">A129.- Neighbours: Immigrants/foreign workers</p> <p style="text-align: center;">F118.- Justifiable:</p>	<p>Here is a list of qualities which children can be encouraged to learn at home. Which, if any, do you consider to be especially important? Please choose up to five.</p> <p>On this list are various groups of people. Could you please sort out any that you would not like to have as neighbours?</p> <p>On this list are various groups of people. Could you please sort out any that you would not like to have as neighbours?</p> <p>Please tell me for each of the following statements whether you think it can always be justified, never be justified, or something in between, using this</p>

	homosexuality	card. Homosexuality. Please tell me for each of the following statements whether you think it can always be justified, never be justified, or something in between, using this card. Abortion.
The role of the state	<p>E003.- Aims of respondent: first choice</p> <p>WVS 1981, 1990, 1995, 2000</p> <p>World Value Survey / European Value Survey</p> <p>E037.- Government responsibility</p> <p>EWS 1981, 1990, 1999</p>	<p>If you had to choose, which one of the things on this card would you say is most important? Maintaining order in the nation; Giving people more to say in important; government decisions; Fighting rising prices; Protecting freedom of speech</p> <p>Now I'd like you to tell me your views on various issues. How would you place your views on this scale? 1 means you agree completely with the statement on the left, 10 means you agree completely with the statement on the right, or you can choose any number in between. Individuals should take more responsibility providing for themselves - The state should take more responsibility to ensure that everyone is provided for.</p>
Bureaucratic coordination / market coordination	<p>E036.- Private vs state ownership of business</p> <p>WVS 1981, 1990, 1995, 2000</p> <p>World Value Survey / European Value Survey</p> <p>E039.- Competition good or harmful</p> <p>EWS 1981, 1990, 1999</p>	<p>Now I'd like you to tell me your views on various issues. How would you place your views on this scale? 1 means you agree completely with the statement on the left, 10 means you agree completely with the statement on the right, or you can choose any number in between. Private ownership of business and industry should be increased - Government ownership of business and industry should be increased</p> <p>Now I'd like you to tell me your views on various issues. How would you place your views on this scale? 1 means you agree completely with the statement on the left, 10 means you agree completely with the statement on the right, or you can choose any number in between. Competition is good. It stimulates people to work hard and develop new ideas. - Competition is harmful. It brings out the worst in people</p>

	C060.- How business and industry should be managed	There is a lot of discussion about how business and industry should be managed. Which of these four statements comes closest to your opinion?
Obedience (Power distance)	<p>A029.- Important child qualities: independence</p> <p>A042.- Important child qualities: obedience</p> <p>World Value Survey / European Value Survey</p> <p>WVS 1981, 1990, 1995, 2000</p> <p>EWS 1981, 1990, 1999</p> <p>C061.- Following instructions at work</p> <p>E018.- Future changes: Greater respect for authority</p>	<p>Here is a list of qualities which children can be encouraged to learn at home. Which, if any, do you consider to be especially important? Please choose up to five.</p> <p>Here is a list of qualities which children can be encouraged to learn at home. Which, if any, do you consider to be especially important? Please choose up to five.</p> <p>People have different ideas about following instructions at work. Some say that one should follow instructions of one's superiors even when one does not fully agree with them. Others say that one should follow one's superior's instructions only when one is convinced that they are right. With which of these two opinions do you agree?</p> <p>Here is a list of various changes in our way of life that might take place in the near future. Please tell me for each one, if it were to happen whether you think it would be a good thing, a bad thing, or don't you mind?</p>
Taking responsibility / not taking responsibility	<p>World Value Survey / European Value Survey</p> <p>WVS 1981, 1990, 1995, 2000</p> <p>EWS 1981, 1990, 1999</p> <p>A032.- Important child qualities: feeling of responsibility</p>	<p>Here is a list of qualities which children can be encouraged to learn at home. Which, if any, do you consider to be especially important? Please choose up to five.</p>

External factors / internal factors determinate the life	<p>World Value Survey / European Value Survey</p> <p>WVS 1981, 1990, 1995, 2000</p> <p>EWS 1981, 1990, 1999</p>	<p>A173.- How much freedom of choice and control</p> <p>C034.- Freedom decision taking in job</p>	<p>Some people feel they have completely free choice and control over their lives, and other people feel that what they do has no real effect on what happens to them. Please use the scale to indicate how much freedom of choice and control you feel you have over the way your life turns out.</p> <p>How free are you to make decisions in your job? Please use this card to indicate how much decision-making freedom you feel you have.</p>
Individualistic / Collectivistic	<p>World Value Survey / European Value Survey</p> <p>WVS 1981, 1990, 1995, 2000</p> <p>EWS 1981, 1990, 1999</p>	<p>E017.- Future changes: More emphasis on individual</p> <p>E032.- Freedom or equality</p>	<p>Which of these two statements comes closest to your own opinion? A. I find that both freedom and equality are important. But if I were to choose one or the other, I would consider personal freedom more important, that is, everyone can live in freedom and develop without hindrance. B. Certainly both freedom and equality are important. But if I were to choose one or the other, I would consider equality more important, that is, that nobody is underprivileged and that social class differences are not so strong.</p>
Risk taking / risk avoidance (Uncertainty avoidance)	<p>World Value Survey / European Value Survey</p> <p>WVS 1981, 1990, 1995, 2000</p> <p>EWS 1981, 1990, 1999</p>	<p>C012.- Important in a job: not too much pressure</p> <p>C013.- Important in a job: good job security</p>	<p>Here are some aspects of a job that people say are important. Please look at them and tell me which ones you personally think are important in a job?</p> <p>Here are some aspects of a job that people say are important. Please look at them and tell me which ones you personally think are important in a job?</p>

	<p>E045.- Major changes in life</p>	<p>Now I want to ask you some questions about your outlook on life. Each card I show you has two contrasting statements on it. Using the scale listed, could you tell me where you would place your own view? 1 means you agree completely with the statement on the left, 10 means you agree completely with the statement on the right, or you can choose any number in between. One should be cautious about making major changes in life You will never achieve much unless you act boldly</p>
	<p>E046.- New and old ideas</p>	<p>Now I want to ask you some questions about your outlook on life. Each card I show you has two contrasting statements on it. Using the scale listed, could you tell me where you would place your own view? 1 means you agree completely with the statement on the left, 10 means you agree completely with the statement on the right, or you can choose any number in between. Ideas that have stood the test of time are generally best -New ideas are generally better than old ones</p>
<p>Working culture</p>	<p>World Value Survey / European Value Survey WVS 1981, 1990, 1995, 2000 EWS 1981, 1990, 1999</p>	<p>C012.- Important in a job: not too much pressure Here are some aspects of a job that people say are important. Please look at them and tell me which ones you personally think are important in a job?</p> <p>C013.- Important in a job: good job security Here are some aspects of a job that people say are important. Please look at them and tell me which ones you personally think are important in a job?</p> <p>C015.- Important in a job: good hours Here are some aspects of a job that people say are important. Please look at them and tell me which ones you personally think are important in a job?</p> <p>C016.- Important in a job: an opportunity to use initiative Here are some aspects of a job that people say are important. Please look at them and tell me which ones you personally think are important in a job?</p>

	C017.- Important in a job: generous holidays	Here are some aspects of a job that people say are important. Please look at them and tell me which ones you personally think are important in a job?
	C018.- Important in a job: that you can achieve something	Here are some aspects of a job that people say are important. Please look at them and tell me which ones you personally think are important in a job?
	C019.- Important in a job: a responsible job	Here are some aspects of a job that people say are important. Please look at them and tell me which ones you personally think are important in a job?
	C020.- Important in a job: a job that is interesting	Here are some aspects of a job that people say are important. Please look at them and tell me which ones you personally think are important in a job?
	C021.- Important in a job: a job that meets one's abilities	Here are some aspects of a job that people say are important. Please look at them and tell me which ones you personally think are important in a job?
	C024.- Important in a job: a useful job for society	Here are some aspects of a job that people say are important. Please look at them and tell me which ones you personally think are important in a job?
	C025.- Important in a job: meeting people	Here are some aspects of a job that people say are important. Please look at them and tell me which ones you personally think are important in a job?
	C061.- Following instructions at work	People have different ideas about following instructions at work. Some say that one should follow instructions of one's superiors even when one does not fully agree with them. Others say that one should follow one's superior's instructions only when one is convinced that they are right. With which of these two

		opinions do you agree?
Political view (left - right)	<p>World Value Survey / European Value Survey</p> <p>WVS 1981, 1990, 1995, 2000</p> <p>EWS 1981, 1990, 1999</p>	<p>E033.- Self positioning in political scale</p> <p>In political matters, people talk of "the left" and "the right." How would you place your views on this scale, generally speaking?</p>
Liberal / Conservative thinking	<p>World Value Survey / European Value Survey</p> <p>WVS 1981, 1990, 1995, 2000</p> <p>EWS 1981, 1990, 1999</p>	<p>D018.- Child needs a home with father and mother</p> <p>If someone says a child needs a home with both a father and a mother to grow up happily, would you tend to agree or disagree?</p> <p>D019.- A woman has to have children to be fulfilled</p> <p>Do you think that a woman has to have children in order to be fulfilled or is this not necessary?</p> <p>D022.- Marriage is an out-dated institution</p> <p>Do you agree or disagree with the following statement? Marriage is an out-dated institution</p> <p>F126.- Justifiable: taking soft drugs</p> <p>Please tell me for each of the following statements whether you think it can always be justified, never be justified, or something in between, using this card. Taking the drug marijuana or hashish.</p>
Religion	<p>World Value Survey / European Value Survey</p> <p>WVS 1981, 1990, 1995, 2000</p> <p>EWS 1981, 1990,</p>	<p>F024.- Belong to religious denomination</p> <p>Do you belong to a religious denomination?</p>

	1999	F034.- Religious person	Independently of whether you go to church or not, would you say you are a religious person?
Rule and norms breaking	World Value Survey / European Value Survey	WVS 1981, 1990, 1995, 2000 EWS 1981, 1990, 1999	F114.- Justifiable: claiming government benefits Please tell me for each of the following statements whether you think it can always be justified, never be justified, or something in between, using this card. Claiming government benefits which you are not entitled to
			F115.- Justifiable: avoiding a fare on public transport Please tell me for each of the following statements whether you think it can always be justified, never be justified, or something in between, using this card. Avoiding a fare on public transport.
			F116.- Justifiable: cheating on taxes Please tell me for each of the following statements whether you think it can always be justified, never be justified, or something in between, using this card. Cheating on tax if you have the chance.
			F117.- Justifiable: someone accepting a bribe Please tell me for each of the following statements whether you think it can always be justified, never be justified, or something in between, using this card. Someone accepting a bribe in the course of their duties.
Nationalisms	World Value Survey / European Value Survey	WVS 1981, 1990, 1995, 2000 EWS 1981, 1990, 1999	How proud are you to be
			G006.- How proud of nationality
State intervention in the economy	International Social Survey Programme	Role of Government II. 1990, Role of Government III.	Here are some things the government might do for the economy. Please show which actions you are in favour of and which you are against. Cuts in
			Cuts in government spending

Provide decent standard of living for the old
Provide industry with the help it needs to grow
Provide industry with the help it needs to grow
Reduce income differences between rich and poor
Give financial help to university students
Provide decent housing for those who can't afford it

Power distance-index

Individualism index

Hofstede database

Cultures and Organizations 3rd edition 2010

<http://www.geerthofstede.nl/research--vsm/dimension-data-matrix.aspx>

Masculinity index			
Uncertainty Avoidance index			
Long-Term Orientation index			
Indulgence versus Restraint			
Language family		European Commission	

Proxy-variable

Formal institutions

The name of the proxy-variable	Source	Period	Question
Belong to labour unions	World Value Survey / European Value Survey	WVS 1981, 1990, 1995, 2000 EWS 1981, 1990, 1999	Please look carefully at the following list of voluntary organisations and activities and say... a) which, if any, do you belong to? A067.- Belong to labour unions
Political participation	World Value Survey / European Value Survey	WVS 1981, 1990, 1995, 2000 EWS 1981, 1990, 1999	<p>Now I'd like you to look at this card. I'm going to read out some different forms of political action that people can take, and I'd like you to tell me, for each one, whether you have actually done any of these things, whether you might do it or would never, under any circumstances, do it</p> <p>E025 - Political action: signing a petition</p> <p>E026 - Political action: joining in boycotts</p> <p>Now I'd like you to look at this card. I'm going to read out some different forms of political action that people can take, and I'd like you to tell me, for each one, whether you have actually done any of these things, whether you might do it or would never, under any circumstances, do it.</p>

			<p>E027.- Political action: attending lawful demonstrations</p> <p>Now I'd like you to look at this card. I'm going to read out some different forms of political action that people can take, and I'd like you to tell me, for each one, whether you have actually done any of these things, whether you might do it or would never, under any circumstances, do it.</p>
			<p>E028.- Political action: joining unofficial strikes</p> <p>Now I'd like you to look at this card. I'm going to read out some different forms of political action that people can take, and I'd like you to tell me, for each one, whether you have actually done any of these things, whether you might do it or would never, under any circumstances, do it</p>
			<p>E029.- Political action: occupying buildings or factories</p> <p>Now I'd like you to look at this card. I'm going to read out some different forms of political action that people can take, and I'd like you to tell me, for each one, whether you have actually done any of these things, whether you might do it or would never, under any circumstances, do it.</p>
<p>Size of Government</p>	<p>Economic Freedom of the World – Fraser Institute (World Bank, World Development Indicators (various issues);</p>	<p>1980, 1990 and 2000.</p>	<p>General government consumption spending as a percentage of total consumption (IMF International Financial Statistics) Area 1-A Data</p> <p>This component is measured as general government consumption spending as a percentage of total consumption. The rating for this component is equal to: $(V_{max} - V_i) / (V_{max} - V_{min})$ multiplied by 10. The V_i is the country's actual government consumption as a proportion of total consumption, while the V_{max} and V_{min} were set at 40 and 34, respectively. The 1990 data were used to derive the maximum and minimum values for this component. Countries with a larger proportion of government expenditures received lower</p>

	<p>International Monetary Fund, International Financial Statistics (various issues);</p> <p>United Nations National Accounts.)</p>	<p>ratings. In contrast, as the ratio approaches the maximum value, the ratio moves toward zero</p>
	<p>Economic Freedom of the World – Fraser Institute</p> <p>International Monetary Fund, Government Finance Statistics Yearbook (various years);</p> <p>World Bank, World Development Indicators (various issues);</p> <p>International Monetary Fund,</p>	<p>Transfers and subsidies as a percentage of GDP (IMF International Financial Statistics)</p> <p>Area 1-B Data</p>
<p>1980, 1990 and 2000.</p>	<p>This component is measured as general government transfers and subsidies as a share of GDP. The rating for this component is equal to: $(V_{max} - V_i) / (V_{max} - V_{min})$ multiplied by 10. The V_i is the country's ratio of transfers and subsidies to GDP, while the V_{max} and V_{min} values are set at 37.2 and 0.5, respectively. The 1990 data were used to derive the maximum and minimum values for this component. The formula will generate lower ratings for countries with larger transfer sectors. When the size of a country's transfer sector approaches that of the country with the largest transfer sector during the 1990 benchmark year, the rating of the country will approach zero.</p>	

	<p>Nations National Accounts</p> <p>Economic Freedom of the World – Fraser Institute</p> <p>International Monetary Fund, Government Finance Statistics Yearbook (various issues); World Bank, World Development Indicators (various issues); International Monetary Fund, International Finance Statistics (various issues); World Economic Forum, Global Competitiveness Report (various issues); United Nations National Accounts.</p>	<p>1980, 1990 and 2000.</p> <p>(Switzerland from the year 2003; Estonia from the year 2004; Czech Republic from the year 2003.)</p>	<p>Government enterprises and investment (IMF, Government Finance Statistics Yearbook)</p> <p>Area 1-C Data</p>	<p>Data on the number, composition, and share of output supplied by State-Operated Enterprises (SOEs) and government investment as a share of total investment were used to construct the zero-to-10 ratings. Countries with more government enterprises and government investment received lower ratings. When there were few SOEs and government investment was generally less than 15% of total investment, countries were given a rating of 10. When there were few SOEs other than those involved in industries where economies of scale reduce the effectiveness of competition (e.g., power generation) and government investment was between 15% and 20% of the total, countries received a rating of 8. When there were, again, few SOEs other than those involved in energy and other such industries and government investment was between 20% and 25% of the total, countries were rated at 7. When SOEs were present in the energy, transportation, and communication sectors of the economy and government investment was between 25% and 30% of the total, countries were assigned a rating of 6. When a substantial number of SOEs operated in many sectors, including manufacturing, and government investment was generally between 30% and 40% of the total, countries received a rating of 4. When numerous SOEs operated in many sectors, including retail sales, and government investment was between 40% and 50% of the total, countries were rated at 2. A rating of zero was assigned when the economy was dominated by SOEs and government investment exceeded 50% of total investment.</p>
--	--	---	--	--

Rule of Law	<p>Economic Freedom of the World – Fraser Institute World Economic Forum, <i>Global Competitiveness Report</i></p>	<p>1995 and 2000. (Latvia, Lithuania, Estonia, Slovenia, Romania, Croatia from the year 2001.)</p>	<p>Judicial independence (Global Competitiveness Report) Area 2-A</p>	<p>This component is from the <i>Global Competitiveness Report's</i> survey question: "Is the judiciary in your country independent from political influences of members of government, citizens, or firms? No—heavily influenced (= 1) or Yes—entirely independent (= 7)." The question's wording has varied slightly over the years. All variables from the <i>Global Competitiveness Report</i> were converted from the original 1-to-7 scale to a 0-to-10 scale using this formula: $EFWi = ((GCRi - 1) / 6) \times 10$.</p>
	<p>Economic Freedom of the World – Fraser Institute World Economic Forum, <i>Global Competitiveness Report</i> (various issues)</p>	<p>1995 and 2000.</p>	<p>Impartial courts (Global Competitiveness Report) Area 2-B</p>	<p>This component is from the <i>Global Competitiveness Report's</i> survey question: "The legal framework in your country for private businesses to settle disputes and challenge the legality of government actions and/or regulations is inefficient and subject to manipulation (= 1) or is efficient and follows a clear, neutral process (= 7)." The question's wording has varied slightly over the years. v Note The "Rule of Law" ratings from the World Bank's <i>Governance Indicators</i> Project have been used to fill in omitted countries in the primary data source since 1995.</p>
	<p>Economic Freedom of the World – Fraser Institute World Economic Forum, <i>Global Competitiveness Report</i> (various issues)</p>	<p>1995 and 2000. (Croatia from the year 2001.)</p>	<p>Protection of property rights (Global Competitiveness Report) Area 2-C</p>	<p>This component is from the <i>Global Competitiveness Report's</i> survey question: "Property rights, including over financial assets are poorly defined and not protected by law (= 1) or are clearly defined and well protected by law (= 7)."</p>
	<p>Economic Freedom of the</p>	<p>1995 and 2000.</p>	<p>Integrity of the legal system (International Country Risk</p>	<p>This component is based on the <i>International Country Risk Guide's</i> Political Risk Component I for Law and Order: "Typ</p>

<p>Regulation of Credit, Labor, and Business</p>	<p>World – Fraser Institute PRIS Group, <i>International Country Risk Guide</i> (various issues)</p> <p>Economic Freedom of the World – Fraser Institute World Bank, <i>Doing Business</i> (various issues)</p> <p>Economic Freedom of the World – Fraser Institute World Bank, <i>Doing Business</i> (various issues)</p>	<p>All data from the year 2005.</p>	<p>Legal enforcement of contracts (World Bank’s <i>Doing Business</i> Area 2-F)</p>	<p>measures comprising one risk component. Each sub-component equals half of the total. The ‘law’ sub-component assesses the strength and impartiality of the legal system, and the ‘order’ sub-component assesses popular observance of the law.”</p> <p>This component is based on the World Bank’s <i>Doing Business</i> estimates for the time and money required to collect a clear-cut debt. The debt is assumed to equal 200% of the country’s per-capita income where the plaintiff has complied with the contract and judicial judgment is rendered in his favor. Zero-to-10 ratings were constructed for (1) the time cost (measured in number of calendar days required from the moment the lawsuit is filed until payment) and (2) the monetary cost of the case (measured as a percentage of the debt). These two ratings were then averaged to arrive at the final rating for this sub-component. The formula used to calculate the zero-to-10 ratings was: $(V_{max} - V_i) / (V_{max} - V_{min})$ multiplied by 10. V_i represents the time or money cost value. The values for V_{max} and V_{min} were set at 725 days and 82.3% (1.5 standard deviations above average) and 62 days (1.5 standard deviations below average) and 0%, respectively. Countries with values outside of the V_{max} and V_{min} range received ratings of either zero or ten accordingly.</p> <p>This sub-component is based on the <i>Global Competitiveness Report</i>’s question: “The hiring and firing of workers is impeded by regulations (= 1) or flexibly determined by employers (= 7).” The question’s wording has varied slightly³⁸</p>
<p>Guide) Area 2-E</p>	<p>Hiring and firing regulations (Global Competitiveness Report) Area 5-B(ii)</p>	<p>1990 and 2000 Australia, Netherlands, New Zealand, United</p>	<p>Economic Freedom of the World – Fraser Institute</p>	

	<p>World Bank, <i>Doing Business</i> (various issues)</p>	<p>Kingdom and USA are from 1990</p>	<p>over the years.</p>
<p>Economic Freedom of the World – Fraser Institute</p> <p>World Bank, <i>Doing Business</i> (various issues)</p>	<p>1980, 1990 and 2000 Croatia is from 2001.</p>	<p>Centralized collective bargaining (Global Competitiveness Report) Area 5-B(iii)</p>	<p>This sub-component is based on the <i>Global Competitiveness Report</i>'s question: "Wages in your country are set by a centralized bargaining process (= 1) or up to each individual company (= 7)." The question's wording has varied slightly over the years.</p>
<p>Economic Freedom of the World – Fraser Institute</p> <p>World Bank, <i>Doing Business</i> (various issues)</p>	<p>1990 and 2000 Australia, Netherlands, New Zealand, United Kingdom and USA are from 1990</p>	<p>Price controls (International Institute for Management Development's World Competitiveness Yearbook) Area 5-C(i)</p>	<p>The more widespread the use of price controls, the lower the rating. The survey data of the International Institute for Management Development's (IMD) <i>World Competitiveness Yearbook</i> (various editions) were used to rate the 46 countries (mostly developed economies) covered by this report. For other countries, other sources were used to categorize countries. Countries were given a rating of 10 if no price controls or marketing boards were present. When price controls were limited to industries where economies of scale may reduce the effectiveness of competition (e.g., power generation), a country was given a rating of 8. When price controls were applied in only a few other industries, such as agriculture, a country was given a rating of 6. When price controls were levied on energy, agriculture, and many other staple products that are widely purchased by households, a rating of 4 was given. When price controls applied to a significant number of products in both agriculture and manufacturing, the rating was 2. A rating of zero was given when there was widespread use of price controls throughout</p>

		various sectors of the economy.
--	--	---------------------------------

The name of the proxy-variable		Source
Coordination Index		Knell, M. - Srholec, M. [2005]: Emerging Varieties of Capitalism in Central and Eastern Europe. Working Paper. Version of 19 September 2005, Conference Paisley University, 23-24th of September, 2005.
Legal system		Siems, M. M. [2006]: Legal Origins: Reconciling Law & Finance and Comparative Law. Centre for Business Research, University Of Cambridge Working Paper No. 32. University of Cambridge, Trumpington Street, Cambridge, CB2 1AG
Minority government (single party or coalition)		Markus Tepe, Karin Gottschall, and Bernhard Kittel [2010]: A structural fit between states and markets? Public administration regimes and market economy models in the <i>OECD. Socio-Economic Review</i> Vol. 8, No. 4, pp. 653-684
Type of government	Coalition	http://www.elections.org.nz/elections/system-of-government.html
	Great-coalition	European Election Database (http://www.nsd.uib.no/european_election_database/index.html)
	One-party in majority	Lijphart, A. [1994]: Democracies: Forms, performance, and constitutional engineering. European Journal of Political Research, Vol. 25, No. 1., pp. 1-17. www.ipu.org
The political ideology of the government at the beginning of the given decade	Conservative	Fábíán, Gy. - Kovács, L. I. [2004]: Parlamenti választások az Európai Unió országában (1945-2002). Osiris Kiadó, Budapest
	Liberal	Berg, C. - Carline, P. - Kaufmann, B. - Leinen, J. - Wallis, D. (eds.) [2008]: The Initiative for Europe Handbook 2008. The Guideto transnational democracy in Europe. The Initiative & Referendum Institute Europe, Bruxelles
The political	Social democrat	
	Conservative	

<http://electionresources.org/>

Vatter, A. [2009]: Lijphart expanded: three dimensions of democracy in advanced OECD countries? *European Political Science Review*, Vol. 1., No. 1., pp.125–154.

ideology of the government in the given decade (1980/90, 1990/2000, 2000/2010)	Liberal
	Social democrat
Electoral system	First past the post
	Two-Round System
	List Proportional Representation
	Mixed Member Proportional System
Type of parliament	One chamber
	Two chamber
Possibilities to hold a referendum	Both local and national
	Only local
	Only national
	Not possible at any level
Participation in the election (%) (quality of democracy)	
Percentage of women in Parliament	