



Collana del Centro Universitario Studi Aziendali (CUSA)  
“Quaderni di Ricerca Economico-Aziendale: Teoria e Casi”  
coordinata da Marcantonio Ruisi (Università di Palermo)

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La collana di quaderni di economia aziendale che qui presentiamo si offre quale opportunità per gli studiosi della disciplina di presentare alla comunità scientifica i risultati della propria attività di ricerca secondo una prospettiva – lato sensu - metodologica che in via complementare tenda prevalentemente ad affiancare alla riflessione teorica, l'evidenza empirica di specifici casi di studio. Le pagine dei quaderni, ancorché testimoni dello sforzo di ricerca degli autori, non offriranno necessariamente considerazioni compiute, piuttosto potranno anche presentarsi come prime conclusioni, o comunque come asserzioni meritevoli di ulteriore riflessione. Nella direzione di arricchire lo studio condotto e auspicabilmente di migliorarne i risultati, si è ritenuto opportuno concepire la collana secondo la logica del “canale aperto”, cioè di una possibile interlocuzione scientifica degli autori con i lettori del testo, i quali potranno con gli stessi confrontarsi utilizzando l'indirizzo di posta elettronica che verrà messo a loro disposizione.

Il nostro auspicio è quello che la collana possa rappresentare davvero un'occasione, soprattutto per i giovani studiosi, di sistematizzare i propri sforzi di ricerca avendo a disposizione un supporto che superi i limiti imposti dall'economia di spazio che una rivista o un

volume di proceeding congressuali inevitabilmente comportano.

Nel ricordare che la responsabilità ultima dei contenuti di ogni lavoro ricade eminentemente sugli autori delle ricerche, si vuole manifestare la volontà di accogliere anche volumi collettanei, con contributi molteplici elaborati e proposti intorno ad un tema, ad ogni modo preferibilmente sviluppati secondo il sinergico connubio di speculazione teorica ed osservazione di campo.

*Ad maiora!*

*Marcantonio Ruisi*

UNIVERSITÀ DEGLI STUDI DI PALERMO

Il volume è stato sottoposto a un referaggio secondo le modalità del processo Double Blind Review (doppio referaggio anonimo): il coordinatore della collana nomina tra i membri del comitato scientifico un responsabile del processo di revisione e due revisori all'interno dell'elenco dei reviewer della collana. Il responsabile del processo viene incaricato di ricevere il lavoro e di trasmetterlo ai due revisori prescelti. Il processo di referaggio si basa sull'assoluto rapporto di anonimato tra autore e revisori e si conclude entro due mesi dalla presentazione del volume. I revisori sono proposti dal coordinatore e dagli altri membri del comitato scientifico tra i professori ordinari e associati e tra i ricercatori (a tempo indeterminato e determinato) delle discipline economico aziendali appartenenti all'ordinamento accademico italiano e internazionali aventi ruoli equipollenti rispetto agli studiosi nazionali.

Denita Cepiku  
Elona Guga

**The Global Economic Crisis  
and Public Administration Reforms  
in South Eastern European Countries**

*Preface by*  
Riccardo Mussari





Aracne editrice

[www.aracneeditrice.it](http://www.aracneeditrice.it)  
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[info@giacchinoonoratieditore.it](mailto:info@giacchinoonoratieditore.it)

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00020 Canterano (RM)  
(06) 4551463

ISBN 978-88-255-1141-3

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1<sup>st</sup> edition: March 2020

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# Preface

Riccardo Mussari<sup>1</sup>

Literature available regarding public administrations' reactions and replies to a global economic and financial crisis is growing. It appears to include two threads: that referring to the 1970s crisis and a second on the 2007/2008 crisis. While the former was much concerned with the value of the New Public Management (NPM) as the main political and managerial reaction to the crisis, the latter neglects the impact that the economic downturn is having on public sector reforms. Questions such as: What kind of public administration is desirable during a crisis? What type of public administration is taking shape as a consequence of harsh spending reviews? What will the long-term consequences of austerity policies be in terms of the public sector's capability of dealing with a future crisis? are seldom posed by public management scholars.

Cepiku and Guga address these and other questions focusing on Southern and Eastern European (SEE) countries. The selected countries, generally neglected by public management literature, belong to a region that has a similar history but different cultures. Despite their differences, they all aim toward the same goals: economic and institutional development and European integration. Very few articles have been written about their reaction to the 2007/2008 crises.

After the fall of communist regimes, these countries focused on developing the private sector rather than strengthening their public management and administration systems. A strong role of the state in society was perceived as negative by the public opin-

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<sup>1</sup> University of Siena.

ion and the NPM was compellingly introduced, through the decisive role of international institutions. The institutional crisis that affected transition countries in the second half of the 1990s finally convinced international institutions such as the World Bank (WB), the European Union, the Organization for Economic Cooperation and Development (OECD) and the International Monetary Fund (IMF) that economic development was not sustainable without parallel advancements in an administrative capacity.

By looking at public administrations in Albania, Bosnia and Herzegovina (BiH), The Former Yugoslav Republic (FYR) of Macedonia, Montenegro and Serbia, the authors' goal is to understand what model of public management is taking shape through macroeconomic reforms and policies adopted in addressing the 2008 crisis. Are SEE countries taking into account the limitations and drawbacks of the NPM approach when including public management reforms in their political economy agendas?

The first part of the book is dedicated to the impact of the economic crisis on these countries; in the second, the state of art of public management and administration as outlined during the reforms of the 1990s is reviewed; in the third, empirical, part Cepiku and Guga analyze the official documentation referring to both economic policies and, more specifically, public sector reforms. In the latter, they search for the main traits of reforms and refer these to three main theoretical models: NPM, New Public Governance (NPG), and the New Weberianism (NWS).

The book, indeed a rich source for development scholars and consultants that have an interest in public administration, systematizes several official documents published by the governments of the selected countries such as the National Development Strategy, the European Integration Strategy, the Economic Development Strategy, Public Administration Reforms Strategy and others.

Interesting as well are the innovative research methods adopted by the two authors. The classical comparative case studies method is enriched by using a qualitative research software,

developed by the Laboratory of Applied Studies and Research in Social Sciences of the University of Toulouse, called IRa-MuTeQ, that allows the statistical analysis of the text corpus and tables and by adopting a narrative approach. Following the latter, all documents were analyzed along six dimensions including scope, dominant themes, proffered solutions, evidence base, key assumptions, style and presentation.

Such a method could be used in other research, especially comparative. Therefore, this book by Cepiku and Guga also provides a contribution to scholars who, although not immediately interested in the topic, could benefit from the methodological innovation.

The conclusions reached by the research of Cepiku and Guga are interesting and prove some paradoxes. Notwithstanding relevant differences in terms of national administrative culture and history, public administration reforms are very similar in both their contents and implementation dynamics. One explanation is the common goal these countries are pursuing: i.e. becoming part of the European Union. Another interesting characteristic is that these countries are attempting to implement NPM reforms, without paying much attention to the shortcomings and undesired negative effects that these had in OECD countries. There is now sufficient empirical evidence to discourage such reforms; however, international institutions funding public sector reforms do not seem to be aware of it. Moreover, a schizophrenic behavior is noticed in these countries: attempts to decentralize their public sectors are supposed to develop in parallel with austerity policies, which demand centralization.

Along with NPM reforms, increasing attention is being paid to citizen participation and engagement of civil society organizations, although it is impossible to understand if this is no more than lip service. An effective implementation of such reforms could point to the prevalence of New Weberianism rather than the NPM in these countries. Other data analyzed by the authors that point in this direction include the diffused aim to reinforce the central government by empowering the Prime Minister and units related to the Ministry of Finance.

Finally, public sector reforms seem to be characterized by a serious implementation gap, already common in other southern European countries. In this case, however, high levels of corruption, accountability concerns toward key public officials, (including ministers and chief executives), and the deterioration of ethics and transparency make matters more complicated and contribute to a huge gap between goals to be achieved and implementation results.

In conclusion, this book is a valuable resource not only for public management scholars investigating the global economic and financial crisis but also for all who wish to familiarize themselves with public administration in such neglected European countries.

The conclusions reached by the authors are potentially interesting for those conducting socio-political research on the topic of European integration after the fall of the Berlin wall. It would be interesting to deepen – in the light of Cepiku and Guga demonstrations in this book – the effectiveness in the medium and long term of the use of the rational-liberal policy (i.e. the neutral application of economic and political targets) as a means to guide the European integration process<sup>2</sup>

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<sup>2</sup> Cf. Fabio Fossati, “Italy and European Union enlargement: A comparative analysis of left and right governments”, *Modern Italy*, 13/2, 2008, pp: 187-198.

## Introduction

The outbreak of the global financial crisis 2007/2008 soon spread from American markets to those in Europe bringing down the economies of developed countries. The crisis affected not only the individual and society in general but also government measures and their effectiveness in times of crisis. Under the recent crisis, the evolution of democratic contexts and trust in government has become more complex than in the past. Countries are forced to implement plausible consolidation plans, tax-cut packages and to restrict public spending, hoping for economic growth. Heated debate on the comparison between stimulus and austerity has begun, both on government and academic levels. The most important issues that have recently attracted the attention of the public sector are: a sustainable public sector, less employee resistance to political and structural changes and improvement of public office management to offer better public services.

Case studies that analyze the impact of the crisis on public administrations in developed countries have been many and have enriched post 2007/2008 crisis literature (Roness, 2007; Cepiku and Meneguzzo, 2011; Pollitt and Bouckaert, 2011; Pollitt and Dan, 2011; Peters, 2011; Kickert, 2011; Kickert, 2012; Denk, 2013; Di Mascio *et al.*, 2013; Farkas, 2013; Alt and Lowry, 2013; Hood and Dixon, 2013; Meneguzzo *et al.*, 2013; Kickert *et al.*, 2013; Pollitt, 2014; Raudla, 2013; Robbin and Lapsley, 2014; Ongaro, 2014; Randma-Liiv and Kickert, 2015; Savi and Randma-Liiv, 2015). Meanwhile, very few articles have analyzed the SEE<sup>1</sup> countries and their responses to the 2007/2008

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<sup>1</sup> Albania, Bosnia and Herzegovina, Former Yugoslav Republic of Macedonia, Montenegro and Serbia

crisis (Mussari and Cepiku, 2007; Bartlett and Monastiriotis, 2010; Cepiku and Mititelu, 2010; Panagiotou, 2010; Bartlett and Prica, 2011; Coccozza *et al.*, 2011; Sanfey, 2011; Meyer-Sähling, 2012). Although the number of publications addressing the impact of the recent crisis in public administration has grown rapidly over the last decade, there is still a shortage of empirical evidence on whether and how the recent crisis affected the public administration reforms in South Eeaster European (SEE) countries. Furthermore, there is a lack of comparative studies addressing the impact of the fiscal crisis on public administration reforms in SEE countries. The aim of this book is to empirically test the impact of the crisis on five SEE countries. An international comparative study of the responses of five SEE countries to the recent crisis is carried out. The comparative study is based on the analysis of the following SEE countries: Albania, Bosnia and Herzegovina, FYR Macedonia, Montenegro and Serbia. Post 2007/2008 crisis reforms of SEE countries are the epicenter of this research. Through empirical research, the book accurately identifies the following characteristics of the PAR of each SEE country: the scope, the dominant theme(s), solutions, evidence, key assumptions and the style of presentation.

Currently, the challenge of scholars is to identify whether the current global crisis involved administrative and managerial trend in public administration (Randma-Liiv and Savi, 2014; Randma-Liiv and Kickert, 2016). Therefore, using the Public Management Model of Pollitt and Bouckaert (2011) and the Narrative Approach of Pollitt (2013) the book will answer the following research questions:

- a) What model of public management is taking shape through macroeconomic reforms and policies adopted in addressing the 2008 crisis?
- b) Are SEE countries taking into account the limitations and drawbacks of the NPM approach when including public management reforms in their political economy agendas?

A clear indicator for increasing public capacity in economic development and provision of better services to all citizens is the improvement of public service effectiveness (Selami *et al.*, 2009). The effectiveness of public services is measured by the commitment and quality of public services offered to citizens. SEE Countries share a similar past, as, until 1991, most of them were part of the same country and all were heavily affected by events in the Balkans in the 1990s. After the fall of Communist regimes, SEE countries focused on developing the private sector rather than strengthening their public management and administrative systems. A strong role of State in society was perceived as negative and the NPM was introduced through the decisive role of international institutions (Kickert, 2005; Mussari and Cepiku, 2007).

Since the early 2000s, they have been trying to implement reforms that are expected to fulfill their aspiration to join the European Union (EU). Prior to the crisis, SEE countries enjoyed a slight rise due to international funds in form of bank credits, which enabled a rise in domestic borrowing by private enterprises and households. Effective policies were implemented in these countries from several international organizations like World Bank (WB), Instrument for Pre-Accession (IPA) and International Monetary Fund (IMF) (Bartlett and Prica, 2011; Cepiku and Mititelu, 2010). SEE countries implemented reforms that were aligned with the European Administrative Space. At first, SEE countries seemed safe from the consequence of the crisis; their financial and economic systems continued their projected course until early 2009. However, the 2007 – 2013 global crisis affected the performance of SEE countries and their efforts to join the EU faded away. However, as Friedrich (2009) said, «Every crisis is seen also as an opportunity to take new steps». The success of this opportunity will depend on the ability of political actors on different levels. Despite the fact that global financial institutions declared the end of the financial crisis in 2010, its effects are still present. The crisis evolved in consecutive stages and touched the SEE countries in a harsh indirect way.

There are some limitations in this research. The Public Administration Reforms (PAR) strategies cover different periods of time for different countries, which makes the comparison of reforms difficult. However, considering that the crisis hit each country during different periods, and taking into account past reforms, the time-frame differences seem understandable. Another important consideration is the fact that it is still early to discuss the final results achieved by each country. Some countries have completed the implementation process while others are still in the implementing phase, however, further research in analyzing the evolution of the designing process of reforms, their implementation, measurement of the outcome, is recommended.



## Research Methods

The focus of the study is on the dynamics of public administration reform agendas of five South Eastern European Countries, that are: Albania, Bosnia and Herzegovina, Macedonia FYR, Montenegro and Serbia. First, the analysis aims to understand the public management model adopted prior to the crisis and if there was an influence of the NPM approach. Then, this book will test empirically, on the basis of an international comparative study, whether the 2007/2008 crisis had an impact on SEE countries. The comparative analysis will help to empirically explain which reforms the selected countries implemented as a response to the crisis. It is fascinating to comprehend whether the crisis-era reforms have followed the current reform trajectories or if they have shifted to different reform agendas.

The selected countries belong to a region that has a similar history but different cultures. Despite their differences, they all have the same goals: the development of the country and European Integration. Belonging to the South–Eastern region of Europe, they are not yet part of the European Union, and few papers only have analyzed the impact of the crisis in the SEE countries and their governments' responses.

The focus of this book is on the dynamics of public administration reform agendas in five SEE countries during the crisis and its immediate aftermath in 2007 – 2013.

This book has three chapters; the first includes the literature review of the evolution of the crisis and public management models. The second chapter provides insights into the impact that the crisis brought to the public sector. Furthermore, it studies the public management reforms implemented as a response to the crisis. The empirical research is included in the third chapter of

the book; it probes the reforms implemented in the SEE countries over two periods: a) prior to the crisis, and b) reforms during the crisis.

The literature review, refereeing to the first chapter of this book is mainly focused on the thematic analysis<sup>1</sup>, which is used to identify, analyze and report the evolution of:

- the crisis; and
- the public management models over time.

This is a well-known method that has been used by several scholars such as Braun and Clarke (2006), Thomas and Harden (2008) and Clarke and Braun (2013). It also contributed to interpreting the evolution and the impact crisis had on SEE countries. Articles published in top journals like *Public Management Review*, *Public Administration Review*, *The American Review of Public Administration*, *Australian Journal of Public Administration*, *International Journal of Public Administration*, *International Review of Administrative Sciences* and many other important journals have been selected. These journals were selected in Google Scholar, EbscoHost and JStor based on the published topics and arguments that were similar to this research and also on their impact factor. First, the authors have identified the key words for their research that are, public management model, SEE, South Eastern European Countries, crisis, public management reforms, country strategy, Albania, Bosnia and Herzegovina, Montenegro, FYR Macedonia and Serbia. After that, they specified the period of time, from 1990 to 2017, which coincides with the established of the democratic regime in all these countries. The research that contained at least one of the key words in the anywhere in the text delivered more than 78.515 results. After that, the restricted the research with at least one of the key words should have been in the title of the research work. It produced 11.480 results. After that the authors read the abstract

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<sup>1</sup> Thematic Decomposition Analysis. Source Braun and Clarke 2006. This section includes two themes: public management models and crisis.

of the selected papers, they identified the central terms, the main authors and the core journals that generated 5.433 results. Were eliminated doubled articles and all those articles related to particular issues such as water system privatization process, social capital, non-profit management, etc. Only articles referring to the 2007/2008 global crisis and including the whole public sector were selected. The remaining research works were almost 760 results that were read. Through the analytic reading the authors were able to identify key concepts, findings and theories from almost 110 selected papers. After that the authors classified the information in two thematic groups:

- research works that analyzed the evolution of the 2007/2008 crisis;
- research works that analyzed the development of the public management models.

Based on authors' critical assessment were identified the main lacks in literature about the evaluation of the impact crisis had on public administration reforms in SEE countries. Furthermore, international institutions play an important and particular role in SEE countries therefore, assessment reports from the EU, OECD, WB and IMF have been widely used. Both these topics have been analyzed using the systematic literature review. The research was based mainly on the research of articles in JSTOR, EbscoHost and Google Scholar.

The second chapter is a review of the state of the art reforms implemented in SEE countries prior to the crisis. This section includes the main traits of reforms. It aims to group the reforms' characteristics into three theoretical models: NPM, NPG and NWS (Osborne, 2010; Cepiku and Meneguzzo, 2011; Randma-Liiv, 2008; Pollit and Bouckaert, 2011).

The third chapter employs the empirical research, which is based on case study analysis (Gerring, 2004; Bennett, 2004). The authors investigate the reactions of five SEE national governments to the crisis with a special focus on public administration reforms. Many official documents, published by the national

governments of the selected countries are reviewed, such as the National Development Strategy, the European Integration Strategy, The Economic Development Strategy, Public Administration Reforms Strategy and many others. However, PAR Strategy is aligned and summarizes the information and goals of all national strategies. These documents are necessary to understand whether the crisis-era reforms provide evidence of shifts in reform agendas or if they provide a continuity of existing reform trajectories. The analyzed documents have been published in English and in native language. For the analysis of this book, we have used only the English version of the documents. These documents have used the data analysis method, which is based on the PAR Strategy analysis. Using the qualitative research software *IRaMuTeQ* will help identify the results also achieved also by the case study and documental analysis. *IRaMuTeQ* is software developed by the Laboratory of Applied Studies and Research in Social Sciences of University of Toulouse. It is based on the R statistical software that allows the statistical analysis of the text corpus and tables. It proposes different types of analysis:

- a) lemmatization is used to count each word and in all its forms. It distinguishes word classes that represent different topics. The software will generate a group of words that are characteristic of a particular class;
- b) content analysis that identifies the number of words per unit;
- c) data analysis or cluster analysis, which helps to create the structure of clusters of the word classes.

The following phase is the interpretation of the data for each country. It was carried out using the Public Management Model of Pollitt and Bouckaert (2011) and the narrative approach of Pollitt (2013). Fig. 1.1 represents the Public Management Model of Pollitt and Bouckaert (2011), where external elements like socioeconomic factors, the political system and changes of events will affect the decision-making of the governing bodies of these countries.