



Project: Capacity Building of NAPA for Open Local Governance

Implementing organisation: Network of Institutes and Schools of Public Administration in Central and Eastern Europe (NISPAcee)

Partner: National Academy of Public Administration under the President of Ukraine (NAPA)

Supported by: SlovakAid, a Slovak Ministry of Foreign Affairs' Programme

Identification of Local Leaders

**Editor:
Tomáš Jacko**



Copyright © 2017 by NISPAcee

The Network of Institutes and Schools of Public Administration in Central and Eastern Europe
<http://www.nispa.org>

Capacity Building of NAPA for Open Local Governance

Identification of Local Leaders

Editor: Tomáš Jacko

Authors:

Tomáš Jacko, Faculty of Economics, Matej Bel University, Banská Bystrica, Slovakia

Hryhorii Borshch, National Academy of Public Administration under the President of Ukraine, Kyiv, Ukraine

The teaching material was developed in the frame of the project No. SAMRS/2015/VP2/1/1 “Budovanie kapacít NAPA pre otvorenú miestnu správu a samosprávu“ / “Capacity Building of NAPA for Open Local Governance“ jointly implemented by NISPAcee - The Network of Institutes and Schools of Public Administration in Central and Eastern Europe and NAPA - National Academy of Public Administration under the President of Ukraine with the support of Slovak Aid – the Slovak Agency for International Development Cooperation.

The team of contributors participated in the project and in the development and review of this publication:

Slovakia:

Juraj Nemec, Project Expert

Daniel Klimovský, Project Expert

Tomáš Jacko, Project Expert

Ľudmila Malíková, Project Expert

Ľudmila Gajdošová, Project Expert

Elena Žáková, Project Expert / Project Manager

Juraj Sklenár, Project Assistant

Ukraine:

Volodymyr Vakulenko, Project Expert / UA Coordinator

Nataliia Grynchuk, Project Expert

Hryhorii Borshch, Project Expert

The opinions of the authors do not necessarily reflect the views of NISPAcee, NAPA and SlovakAid.

ISBN 978-80-89013-85-2

NISPAcee is an international association focused on public administration. Its mission is to promote and strengthen the effective and democratic governance and modernisation of public administration and policy throughout the NISPAcee region.



Project “Capacity Building of NAPA for Open Local Governance”

Content:

Teaching module: Identification of local leaders

Tomáš Jacko4

Case Study 1: Managing a Town in a Different Way: A Mayor Transforms a Slovak Town

Tomáš Jacko23

Case Study 2: How to transform an ordinary Ukrainian rayon centre into a modern European town

Hryhorii Borshch45



Teaching module: Identification of local leaders / local leadership

Responsible experts: Tomas Jacko, Hryhorii Borshch

Planned time allocation: 4 hours lecture + 2 hours seminar

Description

All European countries have local government systems that are either entirely based on or possess significant components of representative democracy. Although alternatives to representative democracy may make a difference, the importance of the councillors, as local leaders, and the council remains largely undisputed. Generally, the most important local decisions are taken by local/municipal councils. Since their members are elected directly by the citizens, the citizens have the right to hold councillors accountable for their decisions. Taking into account the increasing education of the citizens, various problems (e.g. financial crisis of 2008), and turbulent political developments of the recent three decades, the local institutions of representative democracy have been seriously challenged. Policy makers in various European countries have reacted in different ways, and one can identify numerous reform measures which have been introduced. Most of these reform initiatives have been national, covering entire countries, but in some cases reform measures have been implemented in specific parts of countries or certain localities.

An understanding of drivers and approaches of the reform initiatives requires a suitable analytical framework. For this purpose, four types of local government legitimacy can be used, namely 1) strong level of legitimacy, 2) bottom-up legitimacy, 3) top-down legitimacy, and 4) weak legitimacy. Generally, reform activity seems to be low in those countries where local government enjoys only bottom-up legitimacy. Even lower reform activity is typical for countries where local government lacks support from both the state and the citizens. On the other hand, reforms which are focused on strengthening the executive and increasing decision-making efficiency are typical in countries where local government enjoys support from central government but not from its citizens. The deepest reforms, aimed at improving the position of councils, have been initiated continuously over several decades, especially in those countries where local government has a strong level of legitimacy, i.e. where it is supported by both central government and citizens. Taking into account the abovementioned partial conclusions, one can state that there has been a lot of path dependency in the field of reform activities. While there has been a tendency to aim at strengthening institutions for representative democracy, such



as the council and councillors in the countries where local government has a strong position, alternative measures outside representative democracy have been more common in those countries where local government has a weaker legitimacy.

Module goal

The module explains and identifies what local leadership is and sets out some key prerequisites for good local leaders. It discusses the challenge of local leaders to pursue both democracy and efficiency at the same time. The module also introduces various management skill topics with focus on local government leadership: self-awareness, effective delegation and joint decision making, managing personal stress, gaining power and influence, creative problem solving, establishing supportive communication, managing conflict, improving group decision making, improving employee performance and motivating others, etc. The module also identifies local leaders outside of standard government structures who also play a crucial role in local governance.

Module outputs

- Understanding of the theoretical approaches to leadership and leadership theories.
- Awareness of the nature of managerial work and role.
- Knowledge of charismatic leadership and both opportunities and threats associated with it.
- Understanding of other relevant concepts: leadership and organisational culture, cultural development, and leaders vs managers in public organisations.

Module contents¹

1. Leadership Theories in Management and Organisational Behaviour
2. The Nature of Managerial Work and Roles
3. Charismatic Leadership
4. Democratic Leadership
5. Leadership and Organisational Culture
6. Leading Cultural Development
7. Leaders and Managers in Public Organisations

¹ The following 7 topics were adopted from Rainey's (2009) highly comprehensive work *Understanding and Managing Public Organisations*.

Introduction

Given that the majority of public policy tools show the effects at the local level (even if the instrument has not been introduced at this level), it is necessary for authorities to be able to identify and work with local leaders. These local leaders do not necessarily need to have political affiliation, but they need to have the necessary skills and leadership qualities to be able to implement the various tools in their respective local communities.

1. Leadership Theories in Management and Organisational Behaviour

An immense body of research on leadership in organisational settings offers a vast assortment of definitions and perspectives on leadership (Yukl, 2005). **By leadership, most people mean the capacity of someone to direct and energise people to achieve goals.**

Researchers have tried to determine those characteristics or *traits* that make a person an effective leader. They tried to identify the traits of effective leaders — physical characteristics such as height, intellectual characteristics such as intelligence and foresight, and personality characteristics such as enthusiasm and persistence. They identified many important characteristics such as these, often demonstrating a relationship between these traits and effective leadership, and leadership characteristics of various sorts have remained an important element of leadership research. HR specialists are able to use various psychometric tests in order to measure an individual’s mental capabilities and behavioural style. No one, however, has ever identified a common set of traits for excellent leaders. Leaders come in a variety of sizes, shapes, talents, and dispositions. The quest for universal traits has been replaced by other approaches.

House and Mitchell (1974) considered four leadership styles:

- **directive**, where the leader gives specific directions and expectations;
- **supportive**, marked by encouraging, sympathetic relations with subordinates;
- **achievement-oriented**, where the leader sets high goals and high expectations for subordinates’ performance and responsibility, and
- **participative**, where the leader encourages subordinates to express opinions and suggestions.

Which style is best depends on various situational factors, such as whether the task is structured and provides clear goals; whether subordinates have well-developed skills and a sense of personal control over their environment (locus of control); how much formal authority the leader has, and whether the work group has strong norms and social relationships. When factors such as these provide weak path-goal indications and incentives, a proper leadership style can

enhance them. However, the leader must avoid behaviour that imposes redundancies and aggravations.

Researchers have predicted and tested relationships such as these:

- Directive leadership enhances satisfaction and expectancies if the task is ambiguous, but hurts them if the task is well structured and clear.
- Clear tasks already provide clear paths to goals, and subordinates may see more directions from a leader as redundant and irritating.
- Supportive leadership enhances satisfaction when tasks are frustrating and stressful, but can be inappropriate when the task, the work group, and the organisation provide plenty of encouragement. In such situations the leader need only clarify directions as needed and set high standards.
- Achievement-oriented leadership increases performance on ambiguous tasks, either because those conditions allow (or require) ambitious goals more often than simple tasks do, or because achievement-oriented subordinates tend to select such tasks.
- Participative leadership works best for ambiguous tasks in which subordinates feel that their self-esteem is at stake, because participation allows them to influence decisions and work out solutions for the ambiguity. For clear tasks, however, participative leadership is effective only if subordinates value self-control and independence.

As these examples show, the theory weaves together leadership styles and situational factors to make sufficiently subtle predictions to capture some of the complex variations in real leadership settings.

2. The Nature of Managerial Work and Roles

As the research on leadership developed, there also emerged a body of work on the characteristics of managerial work, roles, and skills. Literature often involves something of a trait approach. It seeks to develop general conceptions of managerial activities and competencies. Ever since the classical theorists began trying to define the role of the administrator, the approach of planning, organizing, staffing, directing, coordinating, reporting, and budgeting (**POSDCORB**), or some variant of it has served as a guiding conception of what managers must do. Often, coupled with this view, is the constantly repeated notion that managers in all settings must do pretty much the same general types of work.

Allison (1983) illustrated the prevalence of the POSDCORB conception of managerial responsibilities when he used a form of it in one of the most widely reprinted and circulated

articles ever written on public management (see Figure 1) . Not so preoccupied with what managers must do as with what they actually do, Mintzberg (1972) produced *The Nature of Managerial Work*, which now stands as a classic in the field. He concluded that their work falls into the set of roles listed in Figure 1. Furthermore, Figure 1 also includes more recent accounts of the nature of managerial work and roles – Whetten and Cameron (2002), McCauley, Lombardo, and Usher (1989).

Figure 1 – Managerial roles and skills

Allison (1983): Functions of General Management

Strategy

- Establishing objectives and priorities
- Devising operational plans

Managing Internal Components

- Organizing and staffing
- Directing personnel and the personnel management system
- Controlling performance

Managing External Constituencies

- Dealing with external units subject to some common authority
- Dealing with independent organizations
- Dealing with the press and the public

Mintzberg (1972): Executive Roles

Interpersonal

- Figurehead
- Leader
- Liaison

Informational

- Monitor
- Disseminator
- Spokesperson

Decisional

- Entrepreneur
- Disturbance handler
- Resource allocator
- Negotiator

Whetten and Cameron (2002): Management Skill Topics

- | | |
|--|--|
| Self-awareness | Effective delegation and joint decision making |
| Managing personal stress | Gaining power and influence |
| Creative problem solving | Establishing supportive communication |
| Managing conflict | Improving group decision making |
| Improving employee performance,
motivating others | |

McCauley, Lombardo, and Usher (1989): The Benchmarks Scales

- 1a. Resourcefulness
- 1b. Doing whatever it takes
- 1c. Being a quick study
- 2a. Building and mending relationships
- 2b. Leading subordinates
- 2c. Compassion and sensitivity
3. Straightforwardness and composure
4. Setting a developmental climate
5. Confronting problem subordinates
6. Team orientation
7. Balance between personal life and work
8. Decisiveness
9. Self-awareness
10. Hiring talented staff
11. Putting people at ease
12. Acting with flexibility

Source: Rainey 2009, p. 326

Transformational Leadership

Political scientist James MacGregor Burns (1978) exerted a seminal influence on leadership thought in the management field. Concerned with major political and social leaders, such as presidents and prime figures in social movements, he distinguished between transactional leadership and transformational leadership.

- **Transactional leaders** motivate followers by recognising their needs and providing rewards to fulfill those needs in exchange for their performance and support.
- **Transformational leaders** raise followers' goals to higher planes, to focus on transcendental, higher-level goals akin to the self-actualisation needs defined by Maslow. In addition, they motivate followers to transcend their own narrow self-interest in pursuit of these goals, for the benefit of the community or the nation. Martin Luther King Jr. provides an example of a leader who did not simply offer to exchange benefits for support but also called for a new order of existence — a society of greater justice — and inspired many people to work towards this vision. Many others refrained from opposing it because of its moral rightness.

Management experts found these ideas provocative. As one of many examples of these adoptions of Burns' ideas, Bennis and Nanus (1985) reported a study of transformative leaders. They argued that our institutions and their leaders face increasing complexity and challenges to their credibility, requiring new conceptions of transformative leadership. This type of leadership relies on power, but not in a controlling, centralised way. These leaders possess an extraordinary talent for coupling visions of success to empowerment and motivation among their followers.

Bennis and Nanus (1985) drew a sharp **distinction between leading and managing**. The latter, they said, involves taking charge, accomplishing goals with efficiency, discharging the sort of functions listed by Mintzberg and other researchers on management functions (described earlier), and generally “doing things right ” (p. 21). Leading involves guiding directions, actions, and opinions, or as they put it, “doing the right thing” (p. 21). Excellent leaders, they concluded, lead others, largely by carefully managing themselves, through such strategies as the following:

- **Attention through vision.** They effectively create visions of successful futures, which focus their attention and that of their followers. They achieve this in part through transactions with followers that bring out the best in both leader and followers (Tichy and Ulrich, 1984).



- **Meaning through communication.** They effectively transmit this vision to others in ways that give meaning to their work and their quest. Bennis and Nanus (1985) described examples of even taciturn leaders who get their point across and communicate their purposes through symbols and drawings. The communication transmits not simply facts but, more important, reasons for and ways of learning and problem solving.
- **Trust through positioning.** Outstanding leaders show particular skill at choosing the best course, at knowing what is right and necessary. They choose directions and themes and adhere to them with constancy in ways that induce trust in their identity and integrity.
- **Deployment of self through positive self-regard.** Excellent leaders have a high regard for their own skills and utilise them effectively. Yet, they also remain aware of their own limitations and work to overcome them, often by attracting people who compensate for those limitations. They work with those people with respect, courteous attention, and trust, and they have the ability to do without constant approval.
- **The Wallenda factor.** Bennis and Nanus described one way that leaders pursue this deployment of self, by pointing to the example of the famous tightrope walker Karl Wallenda. Wallenda put great energy and focus into his work; he did not obsess about past problems or prospects of failure. He finally lost his life in a major appearance before which he had been utterly preoccupied with not falling. Outstanding leaders encourage in themselves and others a spirit of development, experimentation, reasonable risk-taking and adventure, and even tolerance for well-intentioned mistakes that lead to learning. They concentrate on succeeding and do not become obsessed with the possibility of failure.
- **Empowerment.** Successful leaders also expand their own capacity by empowering others, making them feel a sense of significance, community, competence, and even fun. Thus, others strive to contribute, not because of close direction and control by the leader, but through empowerment.

3. Charismatic Leadership

As part of the same trend that produced ideas about transformational leadership over the last several decades, leadership researchers have also developed theories of charismatic leadership that have similarities and overlaps with the concept of transformational leadership (Yukl, 2005, pp. 270–272; Shamir, Zakay, Breinin, and Popper, 1998). They have drawn on ideas from Max Weber on how leaders sometimes influence followers, not just through traditional or formal

authority, but also through exceptional personal qualities that invoke strong confidence, loyalty, and commitment from followers.

Those interested in this phenomenon have developed a number of different perspectives on it; two of the more prominent of these are an **attributional theory** or **perspective** and a **self-concept theory**.

The **attributional theory** of charismatic leadership treats charisma as primarily a matter of the characteristics that followers attribute to their leader. When they attribute these qualities, they come to identify personally with the leader and to internalise the values and beliefs that the leader espouses. They want to please and imitate the leader. According to this view of charismatic leadership, followers are more likely to react this way when the leader displays certain behaviour and skills, such as when the leader does the following:

Advocates a vision that is different from the status quo, but still acceptable to followers.

- Acts in unconventional ways in pursuit of the vision.
- Engages in self-sacrifice and risk taking in pursuit of the vision.
- Displays confidence in the leader's ideas and proposals.
- Uses visioning and persuasive appeals to influence followers, rather than rely mainly on formal authority.
- Uses the capacity to assess context and locate opportunities for novel strategies.

Such leaders are most likely to emerge during a crisis or in situations where the leader's exceptional behaviour and skills are a good match with a particular context.

The **self-concept theory** of charismatic leadership actually comes to some very similar conclusions, but it emphasises the more observable characteristics of the leader and followers. It also proceeds more from assumptions about the tendency of individuals to maintain their conception of themselves, including their social identities and their self-esteem, and the effects the leader has on such processes. Leaders have charismatic effects on followers when the followers:

1. feel that the leader's beliefs are correct,
2. willingly obey the leader and feel affection for him/her,
3. accept high performance goals for themselves,

4. become emotionally involved in the mission of the group and feel that they contribute to it, and
5. regard the leader as having extraordinary abilities.

Charismatic leaders invoke such responses by articulating an appealing vision and using strong, imaginative forms of communication to express it. They take risks and engage in self-sacrifice to attain the vision. They express confidence in followers, set high expectations of them, and empower them. They build identification with the group or organisation and carefully manage followers' impressions of them. When this behaviour invokes in followers the responses just described, the followers come to identify with the leader, to internalise the leader's beliefs and values, and to feel motivated to achieve tasks and goals that the leader espouses.

Charismatic leadership drew researchers' attention, in part, because of important examples of leaders in government, business, and nonprofit organisations who displayed such behaviour and influence on followers, at least to some extent. Our case study provides an example of a charismatic leader from the Slovak town of Martin who was able to introduce a far-reaching anti-corruption programme "Transparent Town" partly due to his charismatic leadership. Furthermore, charismatic leadership is crucial for local activists who attempt to voice their concerns, fight various local government issues, and hold the elected and unelected local officials to account. Having limited resources, local activists largely depend on their interpersonal skills, traits and charisma.

Charismatic leadership raises a lot of important questions about the nature and appropriateness of such forms of leadership. For example, if an organisation becomes highly dependent on the special qualities of an individual leader, this raises challenges when the leader departs. Also, researchers on this topic have pointed out that there can be a dark side to charismatic leadership, and that there is a difference between **positive charismatics** and **negative charismatics**.

Positive charismatics can exert the beneficial forms of influence implied in the perspectives just described. Hitler, however, immediately brings to mind many of the obvious problems of negative forms of charisma, such as excessive loyalty to evil and destruction. Researchers have noted that one does observe negative charismatics in organisations in the government and in the private sector. Although not as heinous as Hitler, one hopes that such leaders can become self-

absorbed, dependent on adulation, and excessively self-confident. They may take excessive risks and inhibit followers from suggesting improvements or pointing out problems.

Furthermore, one has to take into account the historical and contextual background of the respective polity. Eastern European countries are perhaps more prone to the negative charismatics described above, due to the nature of the communist regimes that were running the countries during the 20th century. Citizens were discouraged from questioning the integrity of their leaders and of any public criticism. One can see the remnants of such behaviour even till this day. Local politicians and leaders are often left unchallenged (partly due to a lack of independent media and/or strong opposition) and despite their incapacity to rule and their negative charismatics, they are still able to secure electoral victory.

4. Democratic Leadership

Elitism, as one of the theories of the state, always puts elites and their self-interest in charge, whether it is the central government or local government. Democratisation of public administration and a push for open governance and multi-level governance could, in many respects, be seen as a public management reform which is usually initiated by the decision-making elites. Pollitt describes public management reform as “a process that tends to begin in the upper, rather than the lower reaches of governance” (2004, 23).

A good example of elitism would be the composition of the British Cabinet, which is generally made of white middle-aged middle-class Oxbridge-educated men. Dunleavy also argues that “bureaucrats are rational utility maximisers, optimising benefits net of costs” (1991, 148) and hence they always prefer to act at least partly in their own self-interest. The argument follows that in order to democratise public management and bring genuine local governance, one would have to deal with those elites who occupy not only the top decision-making positions, but often the lower levels of public administration. Some might see this task as virtually impossible and they provide Michels’ famous argumentation of the *Iron law of oligarchy*.

Box 1: The Iron law of oligarchy

The Iron law of oligarchy is based on the premise that elites will exist no matter what the form of government. This is due to several reasons, such as the passivity of the masses, the skill and organisation of the elites, their common goals, etc. (Dunleavy and O’Leary 1987).

As a result, it is not easy to get rid of elites and elitism per se. The existence of elites is inevitable and hence any effort to replace elites would only be temporary and soon new elites would form and take charge of the masses. Therefore, making local government run on a more democratic and *pluralistic*, rather than elitist basis, might seem to be problematic, if not impossible. What is more, any official proclamation from the elites to pursue further democratisation might be seen as hypocritical. Eastern Europe is often used as an example of such elitism inevitability. Oppressive and undemocratic communist regimes across Eastern Europe were replaced at the end of the 20th century by seemingly democratic regimes. However, these young democratic regimes are often seen as examples of *state capture* – i.e. type of systemic political corruption which affects all aspects of society at both the national and local level. For instance, both Ukraine and Slovakia have seen a rise in oligarchs who either seek public office themselves or pursue their self-interest through their “puppet” politicians and leaders. For example, in 2011, the “Gorilla scandal” in Slovakia revealed details of state capture in Slovakia².

Elites are necessarily undemocratic in nature but no informed citizen wishes to be ruled by amateurs and/or wishes to see his or her government in the hands of politically inexperienced leaders and uneducated civil servants. What is more, the theories of elitism also say that as long as the core democratic principles are adhered to, then there will be a competition among the elites which will try to win over sympathies of the ordinary public and hence, in theory, should serve the public interest (as well as their own, as the cynic would add).

One of the earliest political thinkers, Plato, argued in his *Republic* that *philosopher kings* who are wise and incorruptible are the ideal form of state or government. Weber also talks about public administration being based on merit rather than popular will. Therefore, one could say that as far as political philosophy and some theories of public administration and state are concerned, elitism has been traditionally seen as the dominant theory. Elites retain this view until today and argue that despite being undemocratic and elitist in nature, they are the informed, the educated and hence the most qualified to do the job. As a result, one should not expect leaders to behave democratically and pursue open governance and/or multi-level governance in all situations and at all levels.

Democratisation and open governance are possible but they depend not only on the government and elitist leaders, but also on the citizens and their use of their rights and

² For more information about the Gorilla Scandal, see <http://blog.transparency.org/2012/03/08/from-banana-revolution-to-gorilla-election/>.

obligations (i.e. active citizenship). Of course, this depends on the extent of the rights that are granted by the authorities. However, it is very common to find that various rights are not exercised by citizens, despite the fact that they are guaranteed by the respective country's constitution. The right to vote is perhaps the most obvious example. Local and regional elections, in particular, suffer from poor voter turnout. What is more, citizens do not need to wait for leaders to initiate open governance. Citizens, in most democratic countries around the world, are guaranteed freedom of speech, the right to join a political party, the right to set up an NGO and the right to petition the government, etc. Paradoxically, countries where citizens do have these rights granted often choose not to use them. These are usually countries with recently established democracies where citizens have not yet become accustomed to their new rights and freedom. Countries of the former Eastern Bloc are good examples. They show that despite various rights being in place and no serious obstacles, citizens choose not to exercise them. As a result, democratic leadership is attained mostly through a top-down approach and at the local level in particular, citizens identify mostly politicians as their local leaders.

5. Leadership and Organisational Culture

Transformational leaders avoid closely managing their subordinates and organisations. Rather, they exert their influence through social architecture, by working with the basic symbols and core values, or culture, of their organisation. Writers on organisational culture have described the key roles that leaders play in forming, maintaining, and changing that culture (Khademian, 2002; Schein, 1992). Organisational analysts have also been interested in similar themes for a long time.

The development of strategies and mission statements often draws on ideas about culture, and it in turn seeks to shape culture. But what do we mean by culture? Scholars use the term in diffuse ways, and journalists and managers often use it very loosely. If very careful, long term observations are required for researchers to understand culture, will it not also be difficult for managers to understand it? If culture is a strong determinant of what happens in organisations, will it not be hard to change?

The literature provides guidance for confronting these challenges. One succinct definition, for example, says that **organisational culture is the pattern of shared meaning in an organisation** (Trice and Beyer, 1993). In what sense, however, do shared meanings exist? Schein (1992) contends that culture exists on various levels. The most basic and least observable level, often overlooked in other conceptions of culture, includes the basic assumptions on which

the organisation operates. Often invisible and unconscious, these assumptions are about the organisation's relationship with its environment; about the nature of reality, time, and space; and about the nature of humans and their activities and relationships. The next level of culture involves more overtly expressed values about how things ought to be and how one ought to respond in general. Finally, the most observable level includes artefacts and creations, such as actual technological processes (purposely designed work processes and administrative procedures and instructions), art (symbols, logos, and creations), and behaviour (words used, communication patterns, significant outbursts, and rituals and ceremonies).

For example, local leaders aspiring to become mayors have to be aware of the organisational culture of the town or city hall. It will bring a lot of effort and time to change it and to bring in new values, which will define the new organisational culture. Town and city halls often lack the necessary resources to attract top performing staff. As a result, even the most motivated and charismatic local leaders often find it very difficult to work with their staff and it can take years to either change their mindset (rather unlikely) or to change the makeup of the town hall.

6. Leading Cultural Development

Experts on organisational culture heavily emphasise the crucial role of leadership in creating and upholding culture (Khademian, 2002; Schein, 1992; Trice and Beyer, 1993). Leaders create culture in new organisations and embody and transmit it in existing organisations. They can also integrate cultures in organisations that have multiple cultures by forging consensus. These different roles are important, because different types of leaders may play them. A long-term member of the organisation, for example, often plays the strongest role in embodying and transmitting existing cultures. Nevertheless, leaders of high-performance organisations typically strive for an improved culture, even if the organisation performs well already (Kotter and Heskett, 1992). The concepts and points discussed earlier present challenges for leadership. Enhancing culture involves understanding its nature, assessing the particular culture of one's organisation, dealing with multiple subcultures as necessary, understanding the different cultural forms in the organisation, and using those forms to facilitate change. Leaders and leadership teams can use a variety of methods and strategies to lead the development of effective culture:

1. Make clear what leaders will monitor, ignore, measure, or control. For example, a leadership team can announce that a significant proportion of each manager's evaluation and bonus will be based on an assessment of how well the manager performed in developing subordinates' skills.

2. React to critical incidents and organisational crises in ways that send appropriate cultural messages. Crises provide opportunities for leaders to demonstrate fortitude, commitment to organisational members, and other values and basic assumptions.
3. Practice deliberate role modelling, teaching, and coaching. Leaders can show, tell, and encourage values and behaviour they want employees to adopt.
4. Establish effective criteria for granting rewards and status, for selection and promotion of employees, and for dismissal or punishment.
5. Coordinate organisational designs and structures with cultural messages. Without appropriate structural redesign, a leader's modelling and coaching about new approaches and values can evaporate into empty rhetoric and posturing (Golembiewski, 1985).
6. Coordinate organisational systems and procedures with cultural messages. Systems and procedures — such as technological systems, routine reporting requirements, performance evaluations, and group meetings — provide important messages about important values and basic beliefs.
7. Design physical spaces, including facades and buildings, to communicate the culture. The study by Goodsell (1977) suggests some of the aspects of physical setting and space that can communicate cultural information about public agencies.
8. Employ stories about events and people. Leaders can also make use of stories and accounts of past events and people as a way of promoting values and assumptions.
9. Develop formal statements of the organisational philosophy or creed. Formal credos and value statements promote an organisation's values and generally commit the organisation to them.
10. Approach cultural leadership as comprehensive organisational change. Leadership teams must approach the development of an effective organisational culture as they would any major, influential initiative.

7. Leaders and Managers in Public Organisations

A review of management literature shows that researchers have treated leadership and management in the public sector as essentially the same as in other settings, including business. Although virtually everyone accepts the premise that all executives and managers face very similar tasks and challenges, a strong and growing body of evidence suggests that public managers operate within contexts that require rather **distinctive skills and knowledge**:



- Jurisdiction-wide rules for personnel, purchasing, budgeting, and other administrative functions, usually with an oversight agency administering them, which limit executive authority.
- Legislative and interest-group alliances with subgroups and individuals within the organisation, which dilute executives' authority over those groups or individuals.
- Control by legislatures, chief executives, and oversight agencies over resource and policy decisions, and strong demands for accountability on the part of the agency head for all matters pertaining to the agency.
- The influence of the press and the imperative that executives concern themselves with media coverage.
- The short tenure of many top executives, which limits their time to accomplish goals and weakens their influence over careerists.
- The absence of clear and accepted **performance measures** for their organisations and the activities within them, and the need to take a particularly broad range of interests and issues into account in decision-making. Various performance measures such as performance-related pay (PRP), proved particularly tricky to implement by public managers and leaders due to the non-profit nature of public organisations – see Box 2 below.

Box 2: Performance-related pay (PRP) in public organizations

Crucially, a distinction between PRP used in private and public sector ought to be made. Private sector organisations and staff employed by them work primarily in order to maximise companies' profits and hence pursue their and companies' *private interest*. By contrast, staff working for public organisations should, at least in theory, also pursue the *public interest*. Thus, the use of PRP in the public sector faces not only this theoretical dichotomy, but it also leads to various practical implications, including benefits and risks for public sector organisations. Among benefits, literature states at least a short-term increase in performance, staff satisfaction and improvement in staff attitude. On the other hand, the list of potential risks and problems is far longer and includes, for example, a perception of favouritism, a lack of overall performance impact, gaming, negative effects on team work, and a long-term drop in staff morale, etc.³ Leaders and managers running public organisations should be aware of these risks.

³ For further information on benefits and risks of PRP, see for example, Siegel 2010, Murphy and Cleveland 1995, Poister 2003, Coens and Jenkins 2002.

Empirical research so far has not delivered any conclusive evidence that PRP in public sector organisations delivers the expected results (Siegel 2010). What is more, a number of governments and their public sector organisations, which once introduced PRP on the wave of NPM reforms, ceased to use them and instead introduced non-financial means of public sector staff motivation and awards which can include flexible working hours, home office, generous pension schemes, etc. Hence, PRP remains a complex system which requires careful attention by public sector managers. A number of conditions need to be followed in order to have a working and effective PRP, whether being unconsolidated or being based only on progression. For instance, McCourt and Eldridge (2003, 163-164) mention the following conditions:

- ‘PRP should be linked to performance management (or appraisal);
- PRP should be tailored to the particular needs of the organisation;
- criteria for making PRP awards should be balanced;
- awards should be flexible and paid in different ways;
- credit should be given for working as a member of a team;
- PRP criteria should not refer exclusively to short-term objectives;
- employees should be able to participate in the PRP design process;
- thought should be given to getting the message across.’

Comparing the sample of mayors and city managers to private sector samples from previous studies, Ammons and Newell (1989) found that these city officials spent no more time in formally scheduled meetings than did the private sector managers. This contradicts the findings of Mintzberg (1972) and of Kurke and Aldrich (1983). Yet a closer look shows that the mayors and city managers did spend more time making phone calls and conducting tours than did the private sector managers. A study by Porter and Van Maanen (1983) compared city government administrators to industrial managers and found that the city administrators felt less control over how they allocated their own time, felt more pressed for time, and regarded demands from people outside the organisation as a much stronger influence on how they managed their time.

Boyatzis (1982) found that public managers show higher levels of need for achievement and power. Yet their lower scores on goal and action competencies reflected less ability to fulfil such needs. Boyatzis’s interpretation agreed with that of Buchanan (1975). They both regarded their findings as evidence that fairly ambitious and idealistic people come to managerial work in

government but appear to experience constraints within complex government agencies and policymaking processes.

The form of influence or constraint may vary between mayors, public school superintendents, governors, and middle managers in national agencies, but it shows up consistently in one form or another. Formal meetings with controlling groups, fire drills, crisis management, phone calls, external demands on time and priorities, and the power of legislators (or councillors), media, and interest groups — all are indications of the exposure of the public sector manager to the political process and to the administrative structures of government.

Seminar

- Students are given a newspaper article or have to bring their own case study of a local leader who was either successful or unsuccessful in his/her plans to achieve open governance, multi-level governance or some of its features.
- Students choose an example of a local government that they are familiar with. What would they change in terms of its culture? How easy/difficult would it be for a local leader to lead such cultural development or change in their selected example?

Questions and Discussion

- a) Using an example of a local leader, to what extent does charismatic leadership affect his/her success? How important is charisma for local leaders compared to other traits?
- b) Identify famous national and local leaders and compare and contrast their traits. What made them good leaders and what made them good managers?
- c) Consider the advantages and disadvantages of implementing a PRP system in a selected local government office. How easy/difficult would it be for a local leader to propose and then implement such a system?

References

The module's key source:

Rainey, Hal. G. (2009) *Understanding and Managing Public Organizations*. San Francisco: Jossey-Bass.

Other sources:



- Allison, G. T. "Public and Private Management: Are They Fundamentally Alike in All Unimportant Respects?" In J. L. Perry and K. L. Kraemer (eds.), *Public Management*. Mountain View, Calif.: Mayfield, 1983.
- Ammons, D. N., and Newell, C. *City Executives: Leadership Roles, Work Characteristics, and Time Management*. Albany: State University of New York Press, 1989.
- Bennis, W., and Nanus, B. *Leaders: The Strategies for Taking Charge*. New York: HarperCollins, 1985.
- Buchanan, B. "Red Tape and the Service Ethic: Some Unexpected Differences Between Public and Private Managers." *Administration and Society*, 1975, 6, 423-438.
- Boyatzis, R. E. *The Competent Manager*. Hoboken, N.J.: Wiley, 1982.
- Burns, J. M. *Leadership*. New York: HarperCollins, 1978.
- Coens, T. & M. Jenkins (2002). *Abolishing Performance Appraisals: Why They Backfire and What to Do Instead*. San Francisco: Berrett-Koehler Publishers.
- Dunleavy, Patrick. (1991) *Democracy, Bureaucracy and Public Choice: Economic Explanations in Political Science*. New York; London: Harvester.
- Dunleavy, Patrick and Brendad O'Leary. (1987) *Theories of the State: The Politics of Liberal Democracy*. Basingstoke: Macmillan.
- Golembiewski, R. T. *Humanizing Public Organizations*. Mount Airy, Md.: Lomond, 1985.
- House, R. J., and Mitchell, T. R. "Path-Goal Theory of Leadership." *Journal of Contemporary Business*, 1974, 3, 81 – 97.
- Khademian, A. M. *Working with Culture: The Way the Job Gets Done in Public Organizations*. Washington, D.C.: CQ Press, 2002.
- Kotter, J. P., and Heskett, J. L. *Corporate Culture and Performance*. New York: Macmillan, 1992.
- Kurke, L. E., and Aldrich, H. E. "Mintzberg Was Right! A Replication and Extension of the Nature of Managerial Work." *Management Science*, 1983, 29, 975 – 984.
- McCourt, W., & Eldridge, D. (2003). *Global Human Resource Management. Managing People in Developing and Transitional Countries*. Cheltenham, UK: Edward Elgar.
- Mintzberg, H. *The Nature of Managerial Work*. New York: HarperCollins, 1972
- Murphy, K. R., & Cleveland, J. N. (1995). *Understanding Performance Appraisal: Social, Organizational and Goal-Based Perspectives*. Thousand Oaks: SAGE Publications.

Poister, T. H. (2003). *Measuring Performance in Public and Nonprofit Organizations*. San Francisco: Jossey-Bass.

Pollitt Christopher and Geert Bouckaert. (2004) *Public Management Reform: A Comparative Analysis*. Oxford: Oxford University Press.

Rainey, Hal. G. (2009) *Understanding and Managing Public Organizations*. San Francisco: Jossey-Bass.

Schein, E. H. *Organizational Culture and Leadership: A Dynamic View*. (2nd ed.) San Francisco: Jossey - Bass, 1992.

Shamir, B., Zakay, E., Breinin, E., and Popper, M. “Correlates of Charismatic Leader Behaviour in Military Units: Subordinates’ Attitudes, Unit Characteristics, and Superiors’ Appraisals of Leader Performance.” *Academy of Management Journal*, 1998, 41, 387 – 409.

Siegel, G. B. (2010). “Designing and Creating an Effective Compensation Plan”. In S. E. Condrey, ed., *Human Resources Management in Government*. San Francisco: Jossey-Bass, 663-686.

Tichy, N. M., and Ulrich, D. “The Leadership Challenge: A Call for the Transformational Leader.” *Sloan Management Review*, 1984, 26, 59 – 68.

Trice, H. M., and Beyer, J. M. *The Cultures of Work Organizations*. Upper Saddle River, N. J.: Prentice Hall, 1993.

Yukl, G. *Leadership in Organizations*. (6th ed.) Upper Saddle River, N.J.: Prentice Hall, 2005.

Case Study 1: Managing a Town in a Different Way: A Mayor Transforms a Slovak Town

Tomáš Jacko

Abstract

This case study examines how a mayor of one of Slovakia's largest towns, Martin, managed to introduce and fully implement large-scale anti-corruption measures at his town hall in just two years between 2008 and 2009 and during his first term in office. Despite being a political outsider and an independent candidate, the mayor secured enough political support from the various local political factions to push through the measures. Various examples and elements of New Public Management (NPM) and good governance principles were implemented as a matter of coincidence and rather as a by-product of the concrete anti-corruption measures. Compared to a limited number of similar anti-corruption strategies that can be identified in other local governments in Slovakia, Martin has been the first local government to carry out such a multi-faceted approach to fight and prevent corruption. The paper provides a narrative of the case study which will be illustrated by organisations and institutions literature. Particular attention is given to the leadership, skills and ability of the mayor to implement such far-reaching organisational and institutional changes.

Key words: organisation, institution, organisational change, leadership, local government, corruption, anti-corruption policies

Introduction

This case study will examine how the mayor of one of Slovakia's largest towns, Martin, managed to introduce and fully implement large-scale anti-corruption measures at his town hall in just two years between 2008 and 2009 and during his first term in office. Andrej Hrnčiar, being an independent candidate and a former professional theatrical actor, the odds of successfully implementing anti-corruption measures in 17 crucial town policy areas were all but in his favour. The town had previously been a typical example of a larger Slovak town – facing common problems to other towns and cities in the post-communist situation: lack of job opportunities, high corruption, lack of trust in public institutions, and limited public participation being just some of many. Despite being a political outsider, the mayor managed to gain enough political support from the various local political factions to push through the measures. Interestingly and largely due to his non-political background, the mayor had previously only limited knowledge of any public management and local government processes and structures. As a result, various examples and elements of New Public Management (NPM) and good



governance principles were implemented as a matter of pure coincidence and rather as a by-product of the concrete anti-corruption measures. Compared to a limited number of similar anti-corruption strategies that can be identified in other local governments in Slovakia, Martin has been the first local government to carry out such a multi-faceted approach to fight and prevent corruption. By doing so and thanks to the national media, Martin has now become a well-known case study and an inspiration for other municipalities and mayors throughout Slovakia. Furthermore, Hrnčiar and officially the Martin Town Hall were awarded the prestigious United Nations Public Service Award⁴ for the anti-corruption project entitled Transparent Town. Thanks to the far-reaching anti-corruption reform and policies, one could even talk of organisational and institutional change in and of the Martin Town Council.

The paper will provide a narrative of the case study with particular attention given to the leadership style, skills and ability of the mayor to implement such far-reaching measures. Literature on organisations and institutions will be applied throughout the paper in order to capture and illustrate the extent and organisation change within the Martin Town Council. The paper will also draw upon the required skills of decision/policy-makers and literature on public managers, and it will apply it on the case study and the Martin town mayor's style of leadership. The case study has been based on documents, observations, an opinion poll performed in 2010, and interviews conducted in 2009 and in 2011. The documents are, for example, articles from both local and national newspapers, documents which were part of the Transparent Town project, as well as the mayor's personal blog and website. The opinion poll was carried out in September 2010 and performed on a representative sample of 200 of Martin's inhabitants. As for the observation, the mayor was observed in five different situations: when leading meetings of the council, during televised interviews, during a TV cooking show, during a public speech delivery, and during a live national press conference. As for the interviews, not only the mayor was interviewed but also a number of councillors, staff members including a Martin town spokesman and Town Hall's chief of staff, working partners from Transparency International Slovakia and a number of Martin's citizens.

Extensive literature exists on the topic of New Public Management reforms and on the application of good governance principles into public processes (e.g. Osborne and Gaebler, 1993; Pierre and Guy, 2000; Barzelay, 2001; Guy, 2001; Pollitt, 2003; Pollitt and Bouckaert, 2004; Lynn, 2006; Lane, 2007; Lynn and Hill, 2008). However, the topics still deserve more

⁴ Martin Town Hall won first place in the latest 2011 United Nations Public Service Awards in the category Preventing and combating corruption in the public service (region North America and Europe).

attention in the context and environment of central and eastern European countries, which began to introduce such ideas only in the late 1990s and early 2000s. Moreover, local political leadership has been a well-researched field, both in the US (e.g. Kotter and Lawrence, 1974; Stone, 1989, 1995; Svara, 1990, 1994) and Europe (Pratchett and Wilson, 1996; John and Cole, 2000; Leach and Wilson 2002; Berg and Rao, 2005; Haus and Sweeting, 2006). However, regarding the case study and availability of secondary sources, so far only limited academic research has been carried out into assessing the impact that the Martin anti-corruption project has had since its launch in May 2008. Nevertheless, the author will use available primary sources and collected data and will employ various authors writing on organisations and institutions (e.g. Taylor, 1916, March and Simon, 1958; March, 1991; Eisenstadt, 1964; Meyer and Rowan, 1977; Greif, 1994) to show the organisation and institutional processes and to better explain the extent of organisational and/or institutional change.

The paper will use the following distinction between the terms ‘organisation’ and ‘institution’. Organisation shall be defined as a mere organisational unit with specific rules, laws and practices, such as a town hall or a ministry, or the way such units are organised (e.g. vertical organisation of a Slovak town hall). By contrast, the term ‘institution’ shall be used as a more general term describing and including a set of values historically and culturally attached to it over a substantive period of time. A set of rules are also established, but rather than specifying and naming legal procedures, structures or punishments, they have certain values and identity attached to them. For instance, marriage, church, parenthood and for the purposes of the paper, local government and/or local governance shall be described as an institution. Hence, despite being intricate, organisational change within the Martin Town Hall can be carried out independently and solely in the Martin town and without any need to consult regional or national government. However, in order to implement an institutional change in or of the Martin Town Hall (i.e. Martin town’s local government), a national effort would be needed. In other words, it is not within the local government’s powers to bring about an institutional change. Thus, the paper will argue only for an organisational change within the Martin Town Hall.

In order to better capture the success of the project and the leadership style of the mayor, it is useful to compare the project and find case studies of similar local government anti-corruption schemes and/or leadership styles delivering such far-reaching changes. Thus, one could explore Balta’s narrative of the Romanian City of Mangalia and draw parallels between the city’s

transition following the election victory of Mayor Zamfir Iorgus in 1996 (Balta, 2002)⁵ and the transition of the town of Martin following the election victory of Andrej Hrnčiar in 2006. Another and perhaps one of the best known case studies of implementation of anti-corruption measures in local government is the effort of the then mayor of La Paz, Ronald MacLean Abaroa, in the late 1980s. Both Iorgus and Abaroa managed to transform their cities during their terms in the office. While Iorgus implemented management reforms and set clear and perhaps populist targets, Abaroa and Hrnčiar concentrated on the delivery of anti-corruption measures in unique and unprecedented ways.

The first part of the paper will provide a narrative of the case study and will identify the main stages of the policy process. However, the paper will not limit itself to a mere retelling of the success story of Martin. Hence, it will also apply organisational and institutional theories, including a discussion on organisation and institutional change. The second part will focus on the leadership qualities of the Martin town mayor. Particular attention will be given to the organisational skills and abilities of the mayor which accompanied his leadership style during the initiation and implementation process and later the promotion of the Transparent Town project.

1. Transparent Town

The first part of the paper will briefly cover the case study. It will explore all the stages of the project including the situation before, policy initiation, policy formulation, policy implementation and impact, together with the reactions. The project was also officially divided into three phases:

- First phase: May 2008 – August 2008; included an audit of selected policies of the town.
- Second phase: September 2008 – April 2009; included the preparation and approval of anti-corruption measures in selected town policies.
- Third phase: May 2009 – today; has included the implementation of accepted measures into everyday life. (Martin Town Hall, 2010)

1.1 Situation before

Slovak legislation sets standard rules which cover local government⁶ and the conduct of local government officials. However, despite having one of the most decentralised and hence arguably

⁵ Irina Balta's case study "Managing a City in a Different Way: A Mayor Transforms a Romanian City" (2002) served also as an inspiration for the paper, hence its title.

⁶ Slovakia has three tiers of government: national, regional and local. Local government (i.e. municipal government or municipality) comprises a directly elected mayor and directly elected council members

most democratic local governments in Europe⁷, only a limited number of municipalities prior to the Martin Town project had been willing to disclose more information and make governance more open than the minimal standard prescribed by the law. Public officials, even in Martin, preferred to make decisions behind closed doors (TIS, 2008), perhaps with no wrong intentions, but nevertheless ruling out the public eye from the decision-making process. There have been numerous cases in Slovakia of local governments and their leaders who exploit the legislation and legislative loopholes, ineffective police, prosecution and judiciary which, in the end, all permit them to be untouchable. Partly as a result of such news reports, the Slovak public loses trust, not only in the municipalities, but also in other public institutions.

Martin had been previously a typical example of a larger Slovak town – facing common problems to other towns and cities in post-communist transition: a lack of job opportunities following closures of industrial and subsidised plants, high corruption, lack of trust in public institutions, and limited public participation being just some of many. Martin had a long serving mayor who did not have a bad record of corruption but who was nevertheless seen as having an authoritative and directive style of leadership (Jacko, 2009). The 2006 election brought together three strong candidates, all representing different political programmes and visions (left, right, and independent). Hrnčiar, a theatrical actor by profession and a director of the Martin Town

Theatre at the time, was a political outsider without any political party support and prior political experience. Nevertheless, he managed to win the election with 32.7 per cent of the votes (5379 votes) which was more than a thousand votes ahead of the then mayor. Hrnčiar’s main political advantage was his clean political record. Based on the interviews conducted, voters in 2006 were tired of party politics and wanted an independent candidate instead. Interestingly, Hrnčiar’s election manifesto did not include the Transparent Town project and/or open government policies (Jacko, 2009).

According to the audit carried out by Transparency International Slovakia (TIS 2008), which was part of the project, the town hall showed limitations in almost all of the 17 audited policy

(i.e. councillors). There are more than 2900 municipalities, each with its own mayor and council members. Elections are held every four years. In contrast to national elections, independent candidates are free to stand in both regional and local elections. Petržalka city, part of Bratislava, has the highest population (110,000). The capital city Bratislava (population 450,000) and the second largest city Kosice (population 230,000) have a special status but they are also considered as local governments with their own city mayors and city councils. The smallest municipalities have less than 10 inhabitants and there are hundreds of municipalities with less than a hundred inhabitants. The 100 largest municipalities by population comprise more than half of the Slovak population. The other half lives in the remaining 2800 towns and mostly villages. Martin, with its population of nearly 60,000, is the 8th largest town in Slovakia.

⁷ For instance, it is not common in all European countries to have elected mayors in all municipalities.

areas. The public had officially only very limited options to control its elected representatives or Town Hall employees. What is more, the mayor himself had found contracts left behind by his predecessor which had been very inefficient for the town. According to Hrnčiar, tenders had previously been won only by a small group of contractors and were heavily overpriced. Furthermore, the mayor himself had been approached by public procurement bidders who tried to pressure and corrupt him. Hrnčiar, as a political newcomer, needed some time to familiarise himself with all the necessary local government processes, procedures and also to have his predecessor's deals and decisions audited. He came to the conclusion that it would be necessary to implement far-reaching measures in order to secure lasting transparent and open government principles in the town (Jacko, 2009; Martin Town Hall 2010, Hrnčiar, 2011).

Culture matters

Culture indeed matters, even in the organisational and institutional developments of the case study. Avner Greif (1994) applies culture for the assessment of institutional structure and argues that history of distinct cultures matters in economic development. Greif also stresses “the importance of a specific cultural element - cultural beliefs - in being an integral part of institutions and in affecting the evolution and persistence of diverse societal organizations” (914). Greif also mentions path dependency as a concept worth noting when discussing organisational structures and behaviours⁸. He argues that, “the capacity of societal organisation to change is a function of its history, since institutions combine organisations and cultural beliefs; cultural beliefs are uncoordinated expectations; organisations reinforce the cultural beliefs that led to their adoption, and past organisations and cultural beliefs influence historically the subsequent games, organisations, and equilibrium”. (943). If we apply Greif's work on the Martin town case study, one could argue that cultural and historical characteristics of Slovaks and Slovakia made the task to eliminate local corruption and to bring about a change in the Town Hall as an organisation very challenging, but possible. Culturally and historically, former Communist countries of Eastern Europe, including Slovakia, still suffer from high levels of corruption. Furthermore, opinion polls show high levels of perceived corruption in Slovak local governments (Jacko, 2009). Martin town was no exception to this trend and the so-called culture of corruption. Thus, the mayor's task to deliver far-reaching changes in such a short space of time, through multifaceted anti-corruption policies, seemed difficult indeed.

⁸ Greif discusses two distinct scenarios: the Muslim world and collective societies versus the Latin world and individualist societies. These are merely used as case studies illustrating the author's argument of the interconnectedness of culture and organisations.

However, Eisenstadt's (1964) interpretation and view of institutionalisation and change (illustrated by ancient Empires and religions) can also be related to various local government and policy reforms and the overall reform processes of the present day. A number of post-communist countries have experienced waves of reforms – some more successful and far-reaching than others. One might argue that the success and the extent of reforms were closely related to the particular countries' institutionalisation and/or system of institutions, their level of development and the extent of their internal problems. Hence, if applied on the Martin town case study, Martin's mayor's decisions and actions should not be considered as the only factors which played a significant role in the success of the anti-corruption project. Apart from other immediate factors, such as the media and international support, further historical, cultural and institutional implications should be explored in order to better understand the window of opportunity for such an organisational change⁹.

1.2 Initiation

It was February, 2008 when the Martin Town Mayor, Andrej Hrnčiar, contacted the then President of Transparency International Slovakia (TIS), Mrs Emilia Sicakova-Beblava, and showed an interest in the anti-corruption measures being applied in his town. Following advice from TIS, Hrnčiar decided to implement a complex project, covering all areas of local government prone to corruption. In May 2008, the Martin Town Council agreed to pay TIS €23,300 from the town's budget to deliver the project. The project and its initiation stage is rather extraordinary regarding its timing. The landmark project was initiated in early 2008, despite not being included in Hrnčiar's 2006 election manifesto and further, it was more than a year after Hrnčiar had taken office that he contacted the TIS President (Jacko, 2009). We could apply Kingdon's concept of *windows of opportunity* (1995) who argues that such windows open in policy systems, but stay open only for short periods of time and hence, a policy initiator must make use of the advantage while it is there to be taken. Jacko also argued that Martin Mayor made use of such windows which opened soon after his election in December 2006. Since he was a newcomer, he took the time to familiarise himself with the job, but once he fully understood, he took full advantage of the open window. His politically neutral background, largely supportive Town Council at the time, and his superior communication and persuasion skills and last, but not least, the then absence of the economic crisis, allowed him to introduce such radical measures (Jacko, 2009). The article will, in the second part, further scrutinise the

⁹ However, due to limited space, only the immediate factors will be further discussed.

role of Hrnčiar's experience, abilities and skills that he had gained from his former occupation as a theatrical actor and director which together influenced his mayoral leadership style.

Institutional myths and exploration

One might argue that state organisations and/or institutions in Slovakia, including local governments and town halls, merely copy the already existing structures, environments and customs elsewhere in Slovakia. Rather than applying new, innovative schemes, strategies and structures, ancient and often ineffective structures are set up and carried out which support the already existing rigid system of bureaucracy and bureaucratic institutions in Slovakia¹⁰. Surely, one can apply Meyer's and Rowan's (1977) argument of the need for organisations and their structures to "reflect the myths of their institutional environments" (341). Whether they behave in such a way in order to "increase their legitimacy and their survival prospects" (340) or as a matter of indolence and/or lack of ingenuity, the result is that local government institutions in Slovakia are similarly run and are of very similar structures. However, one might argue that despite having a certain degree of freedom to form and choose own structures and policies, most local governments and their leaders have to follow strict legal procedures which specify the structures, functions and the environment in which they have to operate. Hence, there is only a limited scope for singularity, which results in institutional isomorphism of local governments which is so typical for the Slovak local government system and for many other government environments. Nevertheless, Hrnčiar's vision was to move out of this isomorphism and out of doing only what the law allows and obliges local governments to do. Hence, he and his team adopted the view of Transparency International Slovakia: *rather than doing only what the law enumerates, local government should aspire to do what the law does not forbid it to do (in short: everything which is not forbidden is allowed)*. As a result, the mayor has often said that the Martin Town Hall has gone beyond the legal minimum framework¹¹.

Interestingly, March in his paper (1991), argues that the old ways of certainty (exploitation) might be effectively substituted by the use of knowledge and new methods (exploration) under several scenarios. March adds that "adaptive processes, by refining exploitation more rapidly than exploration, are likely to become effective in the short run but self-destructive in the long run." (71). This shows that various organisation theories and theorists do provide answers and alternatives as to how organisations and their leaders should behave under varying circumstances

¹⁰ Some authors would argue that this is in order to seek legitimacy and hence to achieve greater institutionalisation and, through that, a greater ability to survive.

¹¹ From Slovak "nad rámec zákona".

in order to achieve greater effectiveness and success in general.¹² Both exploitation and exploration approaches could be successful in specific circumstances. However, what made Hrnčiar and his project renowned for throughout Slovakia was the emphasis on exploration rather than exploitation in organisational learning and policy making.

1.3 Policy formulation

Despite the overlap between the proposed anti-corruption measures and new public management (NPM) principles, the main purpose of the project was not to bring Martin Town Hall's administration processes in line with the ideas and philosophy of NPM and/or any other public management trends. Instead, the TIS team devised an unprecedented blueprint document which included 17 specific recommendations for town policies, which covered all areas prone to corruption in the town (TIS, 2009). Rather than following managerial manuals, NPM and governance literature, or texts covering organisational leadership, TIS focused on Robert Klitgaard's famous yet simplistic formula¹³ as a basis for their policy formulation (Klitgaard 1998; TIS 2008, 2009). The resulting policy document (TIS 2009) had 130 pages and included general recommendations, together with specific policy formulations and document drafts.

Figure 1: Town Policies Subject to Anti-Corruption Measures¹⁴:

1. The policy of sale of fixed and non-fixed assets.
2. The policy of rent of fixed and non-fixed assets.
3. The policy of hiring new employees for the town hall and other town organisations.
4. The policy of the public's participation in municipality decision-making.
5. The policy of access to information on how the municipality runs.
6. The policy of ethics – ethical infrastructure and conflict of interests for elected town representatives.
7. The policy of ethics – ethical infrastructure and conflict of interests for town employees.
8. The policy of ethics – ethical infrastructure and conflict of interests for town organisations' employees.
9. The media policy.
10. The policy of a zoning plan and building office.
11. Additional town policy.
12. The policy of transparency with corporate entity founded by the town.
13. The policy of procurement.

¹² The section of the paper called “The Mayor” will further deal with specific leadership theories which will explain and justify Hrnčiar's choice for exploration rather than exploitation.

¹³ Klitgaard's formula for analysing the tendency for corruption to exist: Corruption = Monopoly + Discretion - Accountability.

¹⁴ [sic] Original translation by the Martin Town Hall. Adopted from <http://transparenttown.eu/>

14. The policy of concluding Public Private Partnerships.
15. The policy of assigning apartments.
16. The policy of assigning rooms in social institutions of which the town is a grantor.
17. The policy of preparing the budget and informing the public of the issue.

Source: Martin Town Hall, 2010

Once TIS delivered their anti-corruption blueprint, recommendations and policy formulations had to be approved by the relevant Town Hall departments. Mrs Katarina Katinova, Martin Town Hall's Chief of Staff¹⁵, was in charge of consolidation. She and senior Town Hall officials scrutinised all the recommended policies and, if required, adjusted them to fit the Slovak legal system. Once checked and ready to be passed, in May 2009 the mayor called an extraordinary council meeting which had only one issue on the agenda: the anti-corruption package.

1.4 Implementation

The anti-corruption package was successfully passed and secured votes from all councillors. Both TIS and Town Hall representatives agreed that if one compares the package which was voted on with the original recommendations devised by TIS, there is an approximately 80 to 90 per cent overlap (Jacko, 2009). The vote in the Council signalled the beginning of the implementation stage (or third phase of the project). The Town Hall soon began to follow new measures, such as the Ethical Code for all employees of the Town Hall, new procedures covering the hiring of staff, provision of information, electronic public procurement and e-auctions, electronic disclosure of town contracts and invoices, etc. (Martin Town Hall, 2010). On top of the official anti-corruption package, the Town Hall began to organise and add new anti-corruption and good governance features such as open days, information campaigns, map of electronic auctions and an electronic market research tool, to name but a few.

¹⁵ Each Town Hall has its own Chief of Staff who is in charge of all administrative processes, human resources and the day-to-day running of the Town Hall. The Chief of staff is a managerial position and the Mayor has the right to choose his/her own candidate. Ideally, Chiefs of Staff should be competent managers and administrators who are the most loyal servants of the mayor. However, due to political support, political nominations and party politics, mayors are often forced to choose a Chief of Staff according to a political deal. Alternatively, due to corruption and nepotism, they might wish to select an incompetent crony instead.

1.5 Impact and Reactions

The bestowed prestigious United Nations Public Service Award, numerous home and international endorsements and also the first quantitative data show that Martin's officials appear to be right when portraying their project as a success¹⁶. One of the clearest benefits of the project has been less cost in the public procurement process due to the introduction of electronic auctions. For instance, from July 2009 to June 2011, the Martin Town Hall saved 303,000 EUR which was 23% of the originally anticipated costs of procured goods and services¹⁷. The author also identified 5 key benefits of the project: increased transparency, increased public engagement in governance and accountability, saving significant financial resources, town prestige leading to more investment, and benefits to the wider society (Jacko, 2009).

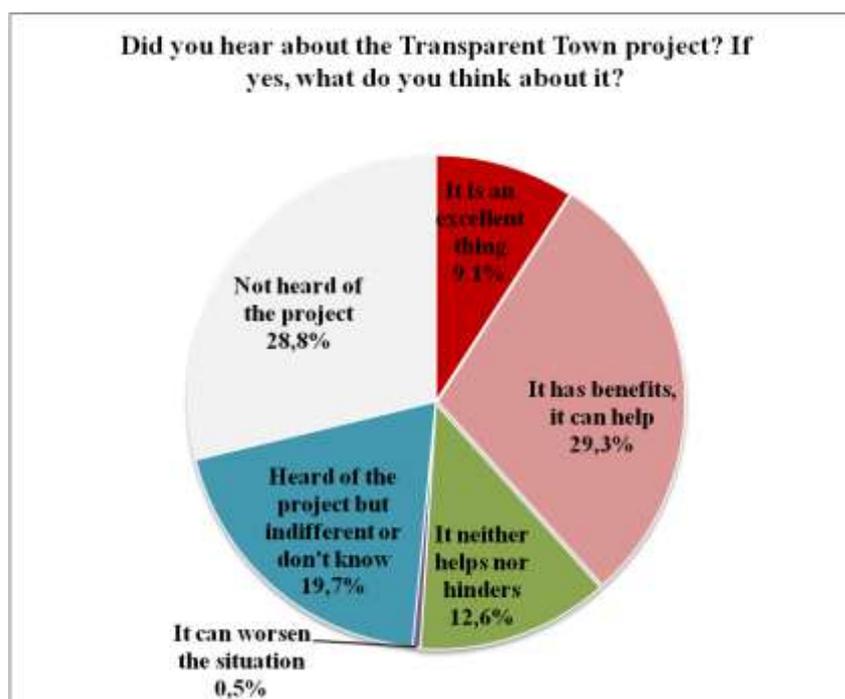
Among the benefits to wider society is Martin's project impact on other municipalities in Slovakia. A number of municipalities followed the example set by Martin and either contacted TIS to deliver similar schemes or decided to deliver the project themselves without the need to consult external organisations. It ought to be noted that one of the main topics of the 2010 local election in Slovakia was the fight against corruption. Quoting the Martin example, a number of Slovak towns had commenced similar anti-corruption schemes before the election (e.g. Roznava, Prievidza, Ziar nad Hronom), while some new mayors have promised to deliver such an anti-corruption package after being sworn into office and have already contacted TIS for advice and cooperation (e.g. Bratislava, Banska Bystrica, Ruzinov).

The project impact and reactions can also be measured quantitatively. Such quantitative data include the number of website visitors, citizens present at open days and the number of successful firms providing goods and services through public procurement. Before electronic auctions and the new rules were introduced, the town had been paying and contracting just a handful of companies (Hrnciar, 2011). The situation significantly changed and the town's procurement database later included more than one hundred firms. Furthermore, MVK opinion poll agency conducted a poll on a representative sample of 200 Martin inhabitants in September 2010. Figure 2 shows that 38.4 per cent of Martin town inhabitants considered the project to be excellent or beneficial. Only 0.5 per cent of respondents considered the project to be negative.

¹⁶ The author was writing a Masters dissertation on the project at the time when the policies had only been in practice for a few months. He commented in June 2009: "The Martin anti-corruption project is a unique and unprecedented example of a local, internally funded but externally delivered, and multi-faceted scheme which, if successful, is bound to be recognised and possibly applied nationwide and perhaps even outside Slovak borders." (Jacko, 2009)

¹⁷ More data can be accessed via www.transparentnemesto.sk.

Figure 2: Local Opinion on the Transparent Town Project



Source: MVK, 2010

What is more, Hrnčiar's landslide local election victory in 2010 and then in 2014 also pointed to citizen's approval of his actions and of the Transparent Town project which also played a key role in his re-election campaigns. To illustrate, in the 2010 election, Hrnčiar received 9 883 votes (51.15 %), which was more than 4500 votes more compared to the 2006 election. Hrnčiar was re-elected with an overall majority and hence secured a very strong mandate for the next four years. The second part of the case study, which follows, will explore more closely the mayor's actions, abilities, skills and his leadership style which was arguably the key factor in the successful implementation of the project and of the project's overall success.

2. The Mayor

The paper has so far provided a narrative of the case study. The Transparent Town project has been portrayed as a successfully implemented scheme, designed to limit corruption and bring more transparency into local governance. The project has delivered clear results and has been acclaimed and recognised both at home and internationally. The paper will now explore the role of Martin's mayor, Andrej Hrnčiar¹⁸. It will discuss his leadership style, skills and abilities to

¹⁸ Andrej Hrnčiar, born in 1973 in Ruzomberok (district town 40 km east of Martin), studied theatre in Bratislava and commenced his professional acting career in 1996 as a member of the local theatre in Martin. In 2003, Hrnčiar decided to run for the director's position which he won and performed until

implement such far-reaching measures and organisational changes. Other factors, namely the role of delegation, media, and international support will also be considered. The paper will argue that Hrnčiar and his personality played a key role throughout the project. Hence, the paper will draw upon the required skills of decision/policy-makers, discuss literature on public managers and organisations/institutions, and it will apply it on the case study and particularly on Martin town mayor's style of leadership. Whilst conducting interviews, the researcher concentrated on the delivery of the Transparent Town project and hence the following discussion will primarily relate to Hrnčiar's leadership style, which he performed during the project. Generalisations will be formulated, but these will stem mainly from the mayor's conduct related to the scheme.

2.1 Leadership theories

The paper will now draw attention to various theories which could better explain the effects of Hrnčiar's conduct and of his leadership style on the success of the project. The following will be consulted: trait theories, path – goal theory of leadership, transformational and transactional leadership, the cognitive resource utilisation theory, and the leader – member exchange theory of leadership.

Trait theories

Historically, last mid-century leadership researchers tried to identify the traits of successful leaders. They thought of effective leaders as possessing a certain set of traits and tried to identify these — physical characteristics such as height, intellectual characteristics such as intelligence and foresight, and personality characteristics such as enthusiasm and persistence (Rainey, 2009). These were, of course, later completely dismissed with the increase in empirical research and Rainey notes that “no one ... has ever identified a common set of traits for excellent leaders. Leaders come in a variety of sizes, shapes, talents, and dispositions. The quest for universal traits has been replaced by other approaches” (2009: 316) Interestingly, however, some of the interviewees pointed out Martin Mayor's relatively young age (mid 30s), physical characteristics (large stature and imposing physical presence) as well as his former career as a professional theatrical actor and acquired acting skills. Arguably, they could have played a minor, yet a notable role, in the policy process and particularly during its initiation. Hrnčiar himself talks of

December 2006 when he was elected as the Mayor of Martin. He was re-elected in 2010 and in 2014. In 2012 and 2016, he was elected as a Member of the Slovak Parliament and as of October 2016 he holds the position of Deputy Speaker of the Slovak Parliament.

his former acting career as being advantageous for his decisive political conduct, public speaking skills, and the ability to memorise new rules and legislation regarding local government (Kapustova, 2009); perhaps indeed qualities of an effective leader.

The path - goal theory of leadership

On a more scientific note, according to Rainey, the “path - goal theory holds that effective leaders increase motivation and satisfaction among subordinates when they help them pursue important goals — that is, when they help them see the goals, the paths to them, and how to follow those paths effectively” (2009, 319). The theory includes a variety of leadership styles. For instance, House and Mitchell (1974) consider four leadership styles: *directive*, *supportive*, *achievement - oriented*, and *participative*. What is more, Taylor analyses the reasons for the lack of efficiency in organisations. He also gives reasons why pressures of poverty might not be sufficient to uphold the efficiency and productivity of employees. Instead, he suggests that initiative and incentive should be up to the management (1916).

If applied in Martin, Hrnčiar’s leadership style towards his subordinates could be considered as achievement-oriented. The mayor indeed set high goals and high expectations for subordinates’ performances and their responsibilities. A number of interviewed staff responded that the mayor’s vision of a transparent Town Hall and of public service delivery is what motivated them to perform better. What is more, Hrnčiar has been praised both by his staff and council members as a very communicative person who is always able to communicate through his decisions, if required. This had been necessary during the initiation process in order to secure sufficient votes in the Town Council to approve the investment in 2008, and perhaps more importantly in 2009 when the whole anti-corruption package, including new rules and regulations, had to be voted on. Hrnčiar commented on the importance of communication:

“I suppose the most significant moment was the communication between the members of the Town Council, who were the only people with the competency to approve the financial means necessary to support the project... Without the needed support of the members of the Town Council, the project itself could not have been formed into actual measures” (Martin Town Hall, 2010: 16)

Transformational and transactional leadership

Despite being achievement-oriented and able to increase motivation, Hrnčiar’s subordinates and/or Town Council members did not go much further in their description and portrayal of

Hrnciar as a transformational leader. Transformational leaders, as opposed to transactional leaders, inspire their subordinates to perform their duties because of a higher purpose. By contrast, transactional leaders motivate and reward their subordinates and followers in exchange for their loyalty and performance (Burns 1978). Hrnciar had no ambition of becoming a transformational leader and rather acted as a well performing and respected transactional leader. Recent Slovak history has not been filled with inspirational leaders and one would struggle to identify examples of transformational leadership, not only among Slovak public figures, but also among leaders from business. Similarly, the concept of charismatic leadership, based on Max Weber's work on authority, is closely related to transformational leadership. Extensive research would have been required to empirically assess Hrnciar's leadership qualities according to his charisma. Nevertheless, it is likely that his acting career boosted his charisma. People and local elites whom he needed to persuade, not only of his political prospects, but also of his skills and visions, had an image of him as a known local theatrical actor. It then becomes a question of psychology and whether it was the theatrical gloss that added to his charisma or whether it is a matter of nature rather than nurture. One way or another, charisma can play a significant role in leadership and in pushing through such radical schemes as the Transparent Town project which are very different from the status quo.

The cognitive resource utilisation theory

Fiedler and Garcia's *cognitive resource utilization theory* (1987), among other leadership characteristics, emphasises a leader's stress level and stress management. According to the theory, cognitive abilities are hindered by stress. Thus, the leader's reaction to stress and his/her performance significantly depend on his/her intelligence and experience. Hrnciar, having limited experience of local government processes, had to count on his intelligence and stress management skills which had been developed during his professional acting career (Kapustova, 2009). Rainey adds that a "directive leader's behaviour results in good performance only if coupled with high leader intelligence and a supportive, stress-free setting" (2009, 324).

Leader – member exchange theory of leadership

A theory which could better explain the close relationship and trust of the Mayor in his Chief of Staff and some other members of staff is the leader – member exchange (LMX) theory of leadership. According to the theory, a leader chooses his/her most trusted subordinates with whom he/she develops a unique relationship. They are usually given special tasks, special

treatment and benefits but they are also expected to perform better than other subordinates and to be loyal to the leader. Katinova admitted that she was expected, but willing, to work extra hours on the project, which included work over the weekends and late night stays in the office. The next part of the paper will further elaborate on the mayor's subordinates, his trust and ability to delegate.

2.2 Delegation and Discretion

After exploring the various theoretical concepts of public leadership, the paper will now consider delegation as a key characteristic of Hrnčiar's leadership and a crucial factor which helped him to successfully deliver his project. From an organisational theory perspective, organisations are capable of delivering and working effectively as long as certain criteria are met. Efficient delegation could be considered as one of them. Some authors also discuss the issue of organisations' rationality and/or lack of it, which could also be connected to delegation. According to March and Simon (1958), organisations necessarily have to face uncertainty if there are no rational decisions and rational internal processes. In March and Simon's words, "the basic features of organisation structure and function derive from the characteristics of human problem-solving processes and rational human choice" (190). What is more, "rational behaviour calls for simplified models that capture the main features of a problem without capturing all its complexities". Organisations are utterly dependant on their structure and delegation whether they have a short-run or a long-run structure.

Most leaders would perhaps choose to retain as much power and discretion as possible and maximise the structure of an organisation for their benefit. Hrnčiar, soon after becoming Mayor, realised that Slovak public managers, and mayors in particular, despite various constraints and interventions from the political, legal and administrative environment, nevertheless possess a significant level of discretionary power. For instance, no strict legal constraints exist on their authority to sign long-lasting and inefficient deals. Hrnčiar argued that a number of such unfavourable deals concerning town property rental, had been approved and signed by the previous administration even without consultation and/or approval from the Town Council (Jacko, 2009). Hence, after familiarising himself with all his new powers, Hrnčiar decided to share and/or delegate some of them to the Town Council. In order not to be abused by any of his

successors, he decided to strip some of his powers institutionally and included them in the anti-corruption package¹⁹.

A leader usually decides to delegate his/her responsibilities when it is for a very mature group he/she manages. Mutual trust is necessary and according to Hersey and Blanchard (1982) and their life-cycle theory, a leader must take into consideration the level of maturity of the managed group. In the case of Martin's project, Hrnčiar rightly decided to delegate most of the work and responsibilities to his subordinates. Even after familiarising himself with all the necessary rules and legislation, Hrnčiar would have struggled to implement the project so smoothly, had it not been mostly for his loyal, and according to interviewees, a very efficient Chief of Staff, Mrs Katarina Katinova²⁰. Because Hrnčiar won the 2006 election as an independent candidate, he was able to choose freely the person whom he trusted most and who would be put in charge of the day-to-day management of the Town Hall. Hrnčiar found in Katinova, not only a loyal and dedicated servant, but also an effective manager who was given the task to administer and manage the Transparent Town project. Hence, the success story of Hrnčiar ought not to be limited to one person only.

2.3 The media

The project has been supported since the very beginning by a very sophisticated media campaign. Martin Town Hall selected Transparency International Slovakia, a national branch of the world-renowned NGO to deliver the anti-corruption policies. The Mayor has met with several ambassadors who publicly endorsed the project. Furthermore, Hrnčiar launched a successful billboard campaign throughout Slovakia which promoted the project in early 2010 (Fig. 3).

¹⁹ If we apply the classic Robert Klitgaard's (1998) formula for analysing the tendency for corruption to exist: Corruption = Monopoly + Discretion - Accountability; one can clearly see that Hrnčiar's effort was both to decrease his monopoly of power and extend his discretion.

²⁰ Mrs Katinova, a qualified lawyer and a former director at the Office for Social and Family Affairs in Martin, was hand-picked by Hrnčiar.

Figure 3: Project's media campaign (billboard design)²¹



Martin Town Hall and the town's spokesman have regularly published reports and provided information on the project, both to local and national media. The PR and media skills of the town spokesman played a significant role in the overall presentation and selling of the project to the public. To illustrate, Hrnčiar and his team decided to announce their United Nations Public Service Award at a live and nationally televised press conference held in the capital city. The decision to travel 230 kms just to hold a press conference in the capital played out well. The press conference was covered by all of the Slovak TV channels in their main evening news programmes including a live 30-minute coverage on the TV news channel, TA3. Most recently, Hrnčiar appeared in a popular cooking show of the leading TV channel (TV Markiza, 2011). Despite not being related to the project, the show nevertheless heavily increased his recognition in Slovakia, which he might build on in the future.

Thanks to the strong media campaign, the public had, from the start of the project, a sufficient amount of information and even those officials whose personal beliefs would not have led them to support the project, did in fact support it as they realised that their disapproval with the proposed rules and policies would have had to be voiced out loud and publicly in front of the cameras. Such disapproval would have most probably caused serious consequences for the councillors in the then upcoming elections (Petras, 2011).

2.4 International support

Although Hrnčiar did not have a strategic plan in mind which would have included international support of the project, he soon realised that in order for the project to be successful

²¹ Note the strongly personalised, mayor-centred billboard design. This was also one of the strongest criticisms of the campaign.

and recognised throughout Slovakia, international endorsement would be advantageous. Vincent Obsitnik, the US ambassador at the time, played a significant role in the project's promotion and personally supported the project during his tenure in Slovakia. Other ambassadors to Slovakia followed and Hrnčiar quickly gained unprecedented recognition in diplomatic circles, which helped him not only to add appealing gravity to the project, but also in terms of potential foreign investment to the town. Ambassadors themselves began to promote the town to companies from their respective countries willing to invest in Slovakia. Other companies might have been influenced by the personal approach, conduct, transparent record, and guarantees given by the mayor. According to the town spokesman, this has been the case with property developers Bilbao and CTP Invest (Petras, 2011).

Conclusion

The paper explored the Transparent Town project which had been initiated by the Martin Town Mayor, Andrej Hrnčiar, in early 2008 and successfully implemented by the Martin Town Hall during 2008 and 2009. Rather than assessing the success of the project, the article provided a comprehensive summary of the case study and concentrated on the application of organisation theories and examination of the leadership style and personal skills of the Mayor. His skills have arguably played the most significant role during the initiation and implementation process and were key to the success of the project. Other factors such as delegation, the role of the media, and international support have also been discussed.

A young and energetic leader, a respected NGO, dedicated Chief of Staff, sophisticated media campaign, and international recognition were all key to the successful implementation, results and international praise of the project. However, without Hrnčiar and his leadership qualities none of it would have become reality. Hrnčiar has been praised by his subordinates and council members for his leadership skills and qualities and the paper identified his achievement – oriented leadership, stress management, delegation based on mutual trust, and charismatic leadership as his main leadership qualities. Moreover, although effective leaders do not portray a uniform set of traits, Hrnčiar's decisiveness, oratory and persuasive skills have no doubt played a significant role too in the success of the Transparent Town project.

The case study showed that despite a high level of local government institutionalisation in Slovakia, path dependency, emphasis on exploitation rather than exploration, organisational change - even in such a delicate area as the fight against corruption, is nevertheless possible.



Questions

- a) To what extent was Hrnčiar able to deliver the change due to his traits and leadership skills and to what extent did other factors influence his success (i.e. media, international support)?
- b) Think of a local leader who delivered a reform in local government in your country. Apply at least one of the leadership theories in your case and try to interpret and analyse the actions of the leader and the reactions of other stakeholders.

References

- Balta, Irina. (2002). "Managing a City in a Different Way: A Mayor Transforms a Romanian City". In: Glen Wright and Juraj Nemec. (eds): *Public Management in the Central and Eastern European Transition: Concepts and Cases*. Bratislava: NISPAcee. 65-71.
- Barzelay, Michael. (2001). *The New Public Management: Improving Research and Policy Dialogue*. University of California Press.
- Berg, Rikke and Nirmala Rao. (eds.) (2005). *Transforming Local Political Leadership*. Houndsmill: Palgrave MacMillan.
- Burns, J. M. (1978). *Leadership*. New York: HarperCollins.
- Eisenstadt, Shmuel. (1964). "Institutionalization and Change." *American Sociological Review* Vol. 29, pp. 235–247.
- Fiedler, F. E. and J. E. Garcia. (1987). *New Approaches to Leadership: Cognitive Resources and Organizational Performance*. Hoboken, N.J.: Wiley.
- Greif, Avner. (1994). "Cultural Beliefs and the Organization of Society: Historical and Theoretical Reflection on Collectivist and Individualist Societies" *Journal of Political Economy*, 102 (5): 912-950.
- Haus, Michael and David Sweeting. (2006). "Local democracy and political leadership: Drawing a map". *Political Studies*, vol. 54, no. 2, 267-288.
- Hersey, P. and K. H. Blanchard. (1982). *Management of Organizational Behavior*. Upper Saddle River, N.J.: Prentice Hall.
- House, R. J. and T. R. Mitchell. (1974). "Path - Goal Theory of Leadership". *Journal of Contemporary Business*. 1974, 3, 81 – 97.
- Hrnčiar, Andrej (2011). *Press Conference of the Martin Town Mayor on Awarding of the UN Award*; May 12, 2011. Bratislava. http://www.ta3.com/sk/reportaze/176671_tb-primatora-mesta-martin-o-udeleni-ceny-osn

Jacko, Tomas (2009). "Corruption in the Slovak Local Self-Government: Anti-Corruption Measures in the Town of Martin and Their Applicability on a National Scale". MPA dissertation. University of Manchester, September 2009.

John, Peter and Alistair Cole. (2000). "Political leadership in the new urban governance". In Lawrence Pratchett (ed.): *Renewing local democracy? The modernisation agenda in British local government*. London: Frank Cass.

Kapustova, Lenka. (2009). "Na dne [At the Bottom]" (Interview with Andrej Hrnčiar). Plus 7 dní; October 21, 2009.

Kingdon, John W. (1995). *Agendas, Alternatives and Public Policies*. New York, NY: Harper Collins.

Klitgaard, R. (1998). *Controlling Corruption*. Berkeley and Los Angeles: University of California Press.

Kotter, John P. and Paul R. Lawrence. (1974). *Mayors in Action – 5 Approaches to Urban Governance*. New York, NY: John Wiley & Sons.

Lane, J. E. (2007). *New Public Management*. Taylor & Francis.

Leach, Steve and David Wilson (2000). *Local Political Leadership*. Bristol: The Policy Press.

Lynn, Laurence E., Jr. (2006). *Public Management: Old and New*. Routledge.

Lynn, Laurence E., Jr. and Carolyn J. Hill. (2008). *Public Management: A Three-Dimensional Approach*. CQ Press.

March, James G. (1991). "Exploration and Exploitation in Organizational Learning." *Organization Science* 2(1): 71-87.

March, James G. and Herbert Simon. (1958). *Organizations*. New York: McGraw-Hill, Ch. 6, "Cognitive Limits on Rationality".

Martin Town Hall (2010). "Transparent Town: Audit and Preparation of Selected Anti-Corruption Measures in Martin". Accessible from http://www.transparenttown.eu/download/transparent_town.pdf

Meyer, John W. and Brian Rowan. (1977). "Institutional organizations: Structure as myth and ceremony", *American Journal of Sociology*, 83: 340-63.

MVK. (2010). "Názory obyvateľov mesta Martin na aktuálne problémy korupcie a klientelizmu v podmienkach samosprávy". Bratislava: September 2010. http://www.transparency.sk/wp-content/uploads/2010/02/Prieskum_Martin_2010.pdf

Osborne, David and Ted Gaebler. (1993). *How the Entrepreneurial Spirit is Transforming the Public Sector*. Plume.



- Peters, B. Guy. (2001). *The Future of Governing*. University Press of Kansas.
- Petras, Jozef. (2011). Personal interview. May 2011.
- Pierre, Jon and B. Guy Peters. (2000). *Governance, Politics and the State*. Palgrave Macmillan.
- Pollitt, Christopher. (2003). *The Essential Public Manager*. Open University Press.
- Pollitt, Christopher and Geert Bouckaert. (2004). *Public Management Reform: A Comparative Analysis*. Oxford: Oxford University Press.
- Pratchett, Lawrence and David Wilson. (1996). *Local Democracy and Local Government*. Palgrave Macmillan.
- Rainey, Hal G. (2009). *Understanding and Managing Public Organizations*. San Francisco: Jossey-Bass.
- Stone, Clarence N. (1989). *Regime Politics – Governing Atlanta 1946-1988*. Lawrence, KS: University Press of Kansas.
- Stone, Clarence N. (1995). “Political Leadership in Urban Politics”. In David Judge, Gerry Stoker and Harold Wolman (eds.): *Theories of Urban Politics*. London: Sage.
- Svara, James H. (1990). *Official Leadership in the City. Patterns of Conflict and Cooperation*. New York, NY: Oxford University Press.
- Svara, James H. (ed.) (1994). *Facilitative Leadership in Local Government. Lessons from Successful Mayors and Chairpersons*. San Francisco, CA: Jossey-Bass Publishers.
- Taylor, Frederick Winslow (1916) “The Principles of Scientific Management,” *Bulletin of the Taylor Society*.
- TIS. (2008). “Správa z auditu politik mesta Martin [The Report from the Martin Town Policies’ Audit]”. Bratislava. Also available at http://www.martin.sk/update/tis/sprava_z_auditu_politik.pdf
- TIS. (2009). “Návrh protikorupčných opatrení pre mesto Martin [Proposal of Anti-corruption Measures for the Town of Martin]”. Bratislava. Also available at http://www.martin.sk/update/tis/navrh_protikorupcnych_opatreni.pdf
- TV Markiza. (2011). Bez servitky. <http://bezservitky.markiza.sk/clanok/sutaziaci/v-piatok-vari-andrej-hrnciar.html>

Project websites:

www.transparenttown.eu

www.transparentnemesto.sk



Case Study 2: How to transform an ordinary Ukrainian rayon centre into a modern European town

Hryhorii Borshch

Small stories of great achievements: How to turn an ordinary rayon centre into a modern European town – experience of the winner of the national Contest “Best Practices of Local Self-Government”

Introduction

Trostianets is a district centre in the southern Sumy region. There are hundreds of similar towns in the country; after all, there are few settlements even with the same name. Sumy’s Trostianets differs from the rest, perhaps by "sweet glory" of the chocolate factory "Ukraine". But this was before.

Now Trostianets is a town that demonstrates a high level of welfare and development and every year is steadily transformed into a cosy European town, in which its indigenous inhabitants and visitors gladly live, work and rest, young people return here, so the town has a future.

Application of theory in practice

Trostianets currently has many reasons to be proud. In particular, in the last four consecutive years, the town has been the winner of the contest "Best Practices in Local Government", conducted jointly by the Ministry of Regional Development, Construction and Housing and Communal Services of Ukraine and the Council of Europe Programme "Decentralisation and Territorial Consolidation in Ukraine." Representatives of regional centres and industrial giants travel here from all over the country to gain experience, as problems in all Ukrainian cities are very similar. So, the successful tools used by the regional centre in Sumy, may be useful to many local governments, even cities. So what is the secret of Trostianets’ success?

Goals of the case study

The goal of this case study is to understand the influence of various factors on the success of the town development, assess the extent to which the charismatic features and aspirations of its mayor influence the development of the town, and compare their impact with the impact of the introduction of approaches and principles of open local governance.



Description

Yuri Bova, who has been Trostianets' mayor for 11 years, calls his work a race for speed. He believes that all cities are competing with each other for investors, for residents and for socio-economic development. If investments go to the town, if culture develops, if adequate utility infrastructure exists, the town is always successful and developed, its residents stay there to live and work, and do not seek a better life working abroad. If one town does not do it, and another nearby town does, the inhabitants will live there.

The mayor began by developing a strategic plan for the economic development of the town. You cannot perform any steps in the development of a town, relying on only intuition; one must have a document – strategy – where he/she should move. This strategy was made in 2007, based on a thorough analysis of the strengths and weaknesses of the local community, opportunities and threats. To do this, a poll of officials, businesses and residents was conducted, a commission of experts was created, and the public and media were attracted. This group, supervised by leading experts, developed a strategic plan during the year, defining three priorities for Trostianets' development: attract investment, small and medium enterprises development, including through tourism, and municipal infrastructure development.

It was logical, because investment means new jobs, higher salaries, international relations and exports, new technologies, know-how, and a network of local suppliers. Entrepreneurship development involves improving the business climate, and thus an attractive image of the town, favourable conditions for those who want to start a business, higher quality services for tourists, diversification and competition. All this should be supported by a high level of utility infrastructure, good quality roads and pavements, serviceability utilities and lighting, centralised waste collection, decent hotels and catering. Add to this, energy-effective utilities and you will have a perfect model of a town, which is based on the European philosophy of Good Governance and allows its residents to answer three important questions: where can people work and in what conditions they will live and relax?

The town's achievements which stood out in the contest "Best Practices in Local Government" are actually the result of implementation of the plan for economic development. First of all it is worth noting three main things: 1) attracting investment and, consequently, business development; 2) restoration of historical heritage and conducting festivals and cultural events on its territory; and 3) attracting residents to town management through the bodies of self-organisation of the population, street and house committees.



Consider them in detail.

Investment and Economics

Investments do not come to town just like that, by chance – hoping for this is pretty futile. Moreover, some investments may even harm the community if local nature is destroyed, the environment will be degraded, and so on. Therefore, it is necessary to work hard with potential investors, pondering on not only what effect will be achieved for the development of the town, but also demonstrating a willingness of local government to cooperate and help in every way it can. A serious investor always has several (possibly several dozen) offers where he/she can invest, and choose only one community – one where the conditions are the best. So it was with investments in the Trostianets chocolate factory. Owners looked for a place to develop their production and considered several options in Ukraine and abroad. Meanwhile, in Trostianets, near a small at that time, chocolate factory, there was a huge devastated production area left by a bankrupt sugar factory. Hundreds of employees in the sugar factory lost their jobs, and the unemployment level rose. The town budget was suffering, which created significant problems in the social infrastructure.

Therefore the task of the mayor and town councillors was to create conditions under which investor capacities would develop in Trostianets. The conditions were created for investors. The area was allocated an additional 30 hectares of land and favourable conditions for its lease of 3 years for the construction of new production buildings. A representative of the company was included in the executive committee to participate directly in decision-making, and a decision on licensing procedures was made in a very short time. The social infrastructure of the company was taken away to balance the town and most importantly, an ongoing dialogue began with the management of the factory, taking into account its interests and investment support. The regional state administration also joined in this process by introducing a "One Stop Window" for permits. The investor was duly convinced and began to invest millions of dollars in its production.

As a result of this cooperation, for the first three years nearly \$77 million was invested in the company; over the next three years – another \$65 million. Hundreds of people were employed. The town received an incessant growth of income tax and had a non-deficit budget, and more than a thousand residents received work. Of course, watching this loyalty of the local authorities, the company invested in social projects: equipment for kindergartens, schools and hospitals, nurseries and playgrounds, sound and music equipment for cultural institutions, even the



expensive white piano for the master's estate in order to have classical music played there in the best way.

However, the town authorities did not stop there. After all, if a chocolate-biscuit factory working in the town, requires significant amounts of agricultural products as raw materials, why not set up its supply of raw materials from local producers? Hence the idea of creating a Trostianets industrial cluster, in which enterprises for the production of flour, milk powder, egg powder, and sugar, developed around the factory.

The trading house "Eldorado" Ltd., a manufacturing enterprise in flour, was the first who responded to the idea. It agreed to reconstruct and re-equip their production to meet the demanding product quality standards of one of the world leaders in the production of cookies and biscuits, and received international quality certificates. It more than doubled its number of employees and now supplies flour products, not only to the factory, but also to other foreign companies.

It was decided to place the remainder of the cluster companies in the industrial park, for which local authorities allocated an area of 40 hectares. The concept of the industrial park, developed by the town Council, received rave reviews in the Ministry of Regional Development and the Ministry of Economic Development and was approved by the Government. The state budget through the State Fund for Regional Development has already allocated the first funds to supply the necessary communications in the amount of 3.6 million UAH, and the town council is actively seeking investors in this area.

However, Trostianets pays a lot attention not only to big business. Small business also receive their share of the budget, and therefore the local government keeps an eye on their development. Today, when small businesses cannot always afford a capital construction, many of them seek to establish temporary installations. To avoid a situation whereby these buildings are chaotic and spoil the look of the town, and for the maximum transparency in the allocation of places for them, the Trostianets Town Council has developed a comprehensive layout of such buildings in the town. Using the scheme, entrepreneurs have the opportunity to contact the mayor's office and declare their intention to build such a facility and start a business there. Everything is open and transparent with the scheme posted on the website of the Town Council and an entrepreneur does not need to go to the offices of officials. Almost all of the 58 places have already been filled by businesses and new shops, and cafes have begun to appear in the town, thus creating new jobs.

Historical heritage and festivals

They say that Trostianets is lucky with its architectural and historical heritage. Monuments are preserved in fairly decent form to attract tourists, probably because in Europe there is hardly another such "Round-Yard", which in a peculiar way combines both a fortress and an amphitheatre.

It was sad for citizens in the late 90's to see how the structure and range of it and the manor house of Prince Golitsyn was gradually crumbling and overgrown with weeds. Although buildings are classed as monuments of national importance, the state does not care about their safety or upkeep. However, the community rallied around the Mayor's idea of recovering the objects that would decline into complete oblivion. "Restoration began with a public Toloka (a community work day), attracting volunteers, skilled craftsman, utilities, local councillors, and executive committee members. Together they tried to restore the historical heritage. However, recovery is only half the battle; it was necessary to breathe life into these objects – says Mayor Yuri Bova. – historic buildings have to attract tourists. But how?"

After repairs, the town began urban activities in a "Round Courtyard", and a cultural and recreational complex was created in the manor estates, which became the centre of cultural and artistic life of the town. Picturesque open-air began, inviting artists from all over Ukraine and abroad to paint local views. In this way, an art gallery of each artist was founded from art paintings left to the town. From autumn to spring almost monthly evenings of classical music were launched, which invited famous artists, not only from Ukraine, but also from Germany, Austria, Korea, Japan, etc. (here, by the way, it becomes clear why there was a need white piano, which was bought by the chocolate factory at the request of town investors). The Town Council also created exhibitions – the "Chocolate Museum" and "Coffee Museum" in the palace of Golitsyn.

For many years, the town council has looked for events which encouraging tourists to come regularly to Trostianets. Historical re-enactors were invited to a Town Day. The audience enjoyed the event and the re-enactors rated high the building of the "Round Courtyard". This place seemed to be created for fighting knights in armour! Thus the idea of an annual festival of the historical reconstruction "Old Fort: the journey through the centuries" was born. Today this is one of the most spectacular and most successful festivals of this type in Ukraine. For 7 years, it became not only self-sustaining, but also a profitable event.



The rock music festival "East Rock" was next – incidentally - the first and only so far in eastern Ukraine. The participants are young groups/beginners as well as Ukrainian and foreign rock stars.

Another international music festival "Tchaikovsky FEST» collects connoisseurs of classical music in Trostianets in May. It was the month of May that Piotr Tchaikovsky was born, who had visited, as a student, the Trostianets estate of Prince Golitsyn and wrote his first symphonic work – the overture to the Ostrovsky's drama "Thunderstorm". Later grateful citizens mounted a monument to the artist and launched the arts festival "Days of Tchaikovsky in Trostianets", which was transformed into a bright international festival.

The town continues its search for further tourist attractions. This year Trostianets held, for the first time, a sports festival "Funny bicycle FEST». The Town Council and Cycling Federation hope that it will also be successful and that Trostianets will become the festival capital of eastern Ukraine.

The number of tourists who visit the "Round Courtyard", manor house, and cultural events during the period from 2008 to 2015 increased from 1.5 thousand to about 25,000 per year. This makes it possible to develop a tourist infrastructure (hotels, businesses with catering, entertainment, services, etc.). Confirmation of this is the steady growth in revenues from tax paid by small businesses. They increased from 684,000 UAH in 2008 to 2.3 million UAH in 2015.

Bodies of self-organisation of the population and participatory budget

Many speak of involving the public in decision-making. How can this be done effectively? Trostianets' Mayor believes that to engage all residents is almost impossible. This is difficult to implement, as people have their own problems, and sometimes – disbelief. But it is important to begin a process in the community that would give people the opportunity to become involved in various actions from budget management to addressing cases in their neighbourhood, yard and so on.

"We've been looking long for such a mechanism and tested a variety of ways: public hearings, advisory council with the mayor – says Yuri Bova. – But usually in these bodies the public represents a very small percentage of the town population, and ordinary people still find themselves excluded from the process.

After all these attempts, we decided to slightly change the specificity of our work. We initiated street and house committees – currently there are 209 of them in Trostianets. Every street of our town and every municipal tower block elected a head of a street or house committee. This person



was elected exclusively by residents. He/she is not a local government representative and is not a political figure. These are our helpers who act as intermediaries, and who are the bridge of communication between local government and people. To make it simpler to meet with the heads of the committees, it was decided to divide the town into 7 districts, each of which comprises 20-30 streets. Meetings have been held directly in these neighbourhoods in schools, clubs and other establishments that were closer to the people so that they felt that the local government came to them".

To talk business about the development of the town and its budget, the Town Council began to train members of the community on the budget process. What is the town's budget? Which taxes does it include? For what purposes can it be spent? What is the general fund and how does it differ from a special one? Where are costs on beautification of the town formed? We were also trying to convey to people many other things in simple language. To this end, manuals were developed, where it was explained that just with a family budget, everything should also be carefully planned in the town budget: how much land will be leased and how large or small business will work. We tried to explain that the town budget is a balance between the interests of business, community and authorities.

But despite the fact that the public was involved in major town decision-making, the consumer mentality of "I want it – you do it" did not disappear. People still did not fully understand that the budget has its limits. Therefore it was decided to go a little further.

In the article of the general fund "Town beautification", the amount of money required to pay for the routine maintenance of the town was separated: electric power for outdoor lighting, patching road repairs, waste collection, and maintenance of cemeteries, etc., which in any case should be spent on the functioning of the town. And the remainder of the money – 820,000 UAH from the 15 million town budget, which would be spent on new work in the town: signs, benches, lights, playgrounds – were divided into 7 districts equally, with approximately 125,000 UAH for each. With this amount, creating a budget for 2015, we came to the people in the neighbourhoods. And we were not just saying, "Give your suggestions". We recorded all wishes, designated an approximate range of amounts of money for each wish, and saw that their implementation did not need 125,000 UAH, but 2 million UAH. Giving people the opportunity to discuss and vote on each wish (i.e. how important it is today, and perhaps tomorrow), we set priority areas within the allocated money for this year. And people began to realise that there was no more money. It is like a family when there is money for the washing machine, it buys a washing machine, not a "Mercedes". Citizens realised that some of the work we do now, and some is carried over to the

next year. Moreover, they appeared to be understanding of how they should explain this to residents of their neighbourhood.

This experience is also interesting in that there is not only budget planning with the public, but also monitoring of its implementation with them. In each district, every six months, the mayor and his deputies, and heads of municipal companies report what has already been done according to the plan and which works were performed.

The software "Open Town" also helps to control utility problems in the streets of Trostianets. This is an electronic platform where you can submit any problem that arises in streets, particularly in the utilities sector.

Anyone, in the comfort of his/her home, using the "Open Town" via Internet, can quickly pinpoint where the problem is. This software enables the mayor, deputies and heads of municipal services, in a few seconds, to receive a phone message about a problem at a specific address. Three days is allocated to a particular head to see this message and a maximum of one month to fix the problem, depending on its complexity.

Overall, Yuri Bova believes that the local government must quickly learn to share responsibility with the public. The authorities are chosen to act in the interests of the community, their people and therefore they, above all, should know what these interests are, and not only know, but become involved in making important decisions for the community. This makes each citizen more responsible for his/her community and increases people's involvement in the social and political life of a country in general. Incidentally, there are precisely 12 principles of good democratic governance at the local level, developed and recommended by the Council of Europe to its member countries, including Ukraine, that are talking about that.

We often say: "Being in Europe is good" or "Over time we will be taken into the European Union". But for the effective development of the country and for the progress of our communities, we must use best international and national practices today and do everything in a modern way, the European way. Above all, this is related to a change in attitudes, mentality and a willingness to take decisive action to implement urgent public demands of every citizen of our country.

Questions

1. To what extent is the success of the town due to different factors (its community, its Mayor, his personal abilities, charisma, etc., its history, heritage, geographical location,



and so on)? Please name the most important of these and put them in order of decreasing importance. Substantiate the personal characteristics of the Mayor.

2. Think about the risks and threats of the current situation of the town management. Is it sustainable in the long-term? What can make it more sustainable? Please explain.
3. Can this best practice be replicated all over the country? Why? Justify your point of view, please.

References

<http://www.slg-coe.org.ua/httpwww-slg-coe-org-uap9280/>

<http://www.coe.int/en/web/good-governance/lap>

