



Universität Potsdam



Kherlen Badarch

Integrating New Values into Mongolian Public Management

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List of Abbreviations

AC	Achievement
BE	Benevolence
CO	Conformity
CSL	Civil Service Law
CT	Cultural Theory
GSC	Government Service Council
HE	Hedonism
ILT	Institutional Leadership Theory
LQ	Leadership Quotient
MPPR	Mongolian People's Revolutionary Party
PO	Power
PSM	Public Sector Management
PSMFL	Public Sector Management Finance Law
PVN	Public Value Network
SD	Self-direction
SE	Security
ST	Structuration Theory
ST	Stimulation
TR	Tradition
UN	Universalism
VT	Value Theory

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Geleitwort

Mit der vorliegenden Arbeit versucht Kherlen Badarch, vor dem Hintergrund der tiefgreifenden Transformationsprozesse in der Mongolei beim Übergang vom Sozialismus sowjetischer Prägung zu einer parlamentarischen Demokratie mit einer marktwirtschaftlichen Wirtschaftsverfassung, den damit verbundenen Wertewandel nachzuzeichnen, der letztlich für das Funktionieren der neuen Ordnung erforderlich ist. Dies gilt insbesondere für Gleichheits- und Gerechtigkeitsvorstellungen, aber auch für die Bürger- und Leistungsorientierung im umgewandelten Öffentlichen Dienst. Dabei war die mongolische Gesellschaft nicht einfach nur „sowjetsozialistisch“: hinzukommen jahrhundertealte Traditionen eines stolzen Nomadenvolkes im Spannungsfeld chinesischer und russischer Interessen.

Kherlen Badarch verweist zu recht auf die vielfältigen Reformbemühungen im Bereich des Public Sectors, wobei diverse Wellen zwischen einem „new public management“ neuseeländischer Prägung und darauf folgenden Hinwendungen zu anderen „Best Practises“, etwa von Schweden und Kanada, zum Teil auch von der Bundesrepublik Deutschland zu verzeichnen sind.

Vor diesem Hintergrund fokussiert die Forschungsfrage nicht nur auf den o. g. Wertewandel, sondern auch auf die notwendigen motivatorischen Voraussetzungen für eine entsprechend konturierte Verwaltungskultur. Insofern mißt die Autorin dem „Human factor“ eine entsprechende Bedeutung zu, um vor diesem Hintergrund den Wandel der Werte im Rahmen der Verwaltungsmodernisierung nachzuzeichnen, die entsprechenden Typen der Verwaltungskultur zu identifizieren, um sodann die entsprechenden Motivationsfaktoren zu skizzieren und die Rolle des Verwaltungsmanagements zu problematisieren.

Gleichwohl ist es sehr verdienstvoll, dass Kherlen Badarch diese Forschungslücken nun versucht zu schließen und dabei auch die noch relativ neuartige Theorie der „Institutional Leadership“ mit einbezieht, die angesichts der zu untersuchenden Forschungsthemen sicherlich eine geeignete konzeptionelle Grundlage zu bilden scheint.

Kherlen Badarch hat eine solide Arbeit vorgelegt, die zugleich theoretisch gut fundiert ist. Sie ist methodisch sauber aufgebaut und vernachlässigt keineswegs die zweifellos vorhandenen historischen

Wurzeln der aktuellen Diskussion zur Verwaltungskultur und den relevanten Werten des individuellen Verwaltungshandelns. Insofern ist ihrer Arbeit auch eine weite Verbreitung zu wünschen.

Potsdam, April 2013

Prof. Dr. Dieter Wagner

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Park Babelsberg, Potsdam, October 2012

Kherlen Badarch

1 The problem and its setting

1.1 Destabilizing socialism and establishing democracy in Mongolia

Since the socialist system broke up, Mongolia has been transforming from a totalitarian regime to a democracy as well as moving from a centralized planning system to a free market economy. In order to ensure the irreversibility of Mongolian democratic reforms, the government seeks better approaches and is attempting to adopt them as quickly as possible. First of all, as the one-party-centered political system has been replaced by a multiparty political system, rules and regulations from the socialist regime have been revealed, interrogated, contested, and ultimately overturned as the state structure has been reformed. As in many other countries in transition, the government has chosen the “big bang” strategy for a fast and comprehensive implementation of all major reforms, which focus primarily on mass privatization and economic liberalization.¹

In line with this reform movement towards developing a democratic political system and an open market economy, Mongolian society has also been completely and radically changed. Socialist concepts such as equality, economic security, solidarity, and equality in income and living conditions have been destroyed, and consequently, the security and certainty associated with life in the former regime have been removed. A new set of regulative, normative, and operative democratic principles and values were developed. But accommodating the new social relation, changing the way people live and look at things and altering their usual beliefs, is not easy and presents many challenges. In this regard, the last twenty years of the transition have been characterized by a great pressure to succeed in the development of democratic political, economic, and social institutions in Mongolia.

1 Roland, Gerard (2002). “The political economy of transition.” *Journal of Economic Perspectives*, Vol. 16, (1). p. 29.

Values as prescriptive statements, in general, diffuse human beliefs and attitudes throughout society, and they also become criteria for evaluation. Human values, by nature, are relatively stable and are inherently resistant to change; therefore, altering them takes time.² Values prescribe how to respond to stimuli or prescribe what action to take in certain situations.³ Thus, human values play the role of a guide, especially in the presence of a conflict or an ambiguity. Usually, in a situation where values contradict each other or new beliefs have not yet been internalized or seem meaningless, people prefer to return to well-known values. People tend to act in a familiar way rather than experimenting with unfamiliar ways. This internal inertia may keep people adhering to the old ways of living and may hinder initiatives for development towards democracy.

Today, after the tremendous economic growth of the last few years and the achievement of establishing political democracy in Mongolia, people have the impression that the transition period is coming to an end and that the attempts to root out the old regime are almost over. And now the period of forming a new system is beginning, with the aim of establishing a democratic way of living with harmonious social relations. Mongolian political and administrative leaders face the challenge of maintaining and sustaining economic development in a way that will continue to benefit every citizen in an equitable manner, through wealth generated by mineral resource exploration, but also of maintaining a continuity of success in civil liberty, political democracy, and the functioning of democracy in the country. Therefore, the government is now focusing on the application of principles such as justice to the people, serving the citizens, the rule of law, participation, transparency, and openness. In particular, an increased openness in government affairs and the active participation of citizens are being highly emphasized in order to advance the function of democracy in Mongolia from representative democracy to participative democracy. These ideas are embedded in the new Law on Budget, approved in 2012, and they will be put into effect in January of 2013. The Law on Government Service is also under revision in order to bring the concept of serving the people into public service affairs.

Given current developments, these challenges will inevitably bring pressure to bear on administrative organizations, to ensure the

2 Rokeach, Milton and Ball-Rokeach, Sandra J. (1989). "Stability and change in American value priorities, 1968–1981." *American Psychologist*, Vol. 27, p. 775.

3 van Deth, Jan and Scarbrough, Elinor eds. (1995). *The impact of values*. New York: Oxford University Press. p. 27.

participation of citizens in the decision-making processes, transforming power to the citizens to ensure justice rather than having them remain as servants of those in power. However, accomplishing and establishing a harmonious democratic society in a satisfying way will very much depend on how people understand and wish to engage in democracy's core values and principles of openness, justice, the rule of law, and participation.

1.2 Changes and challenges in public sector reform in Mongolia

To ensure its democratic development, the Mongolian government faces a need to reform its public administration. The fundamental principles of state activities are stated in the Constitution (1992) and in the Law of Government Service (1994). These laws declared new values such as democracy, justice, transparency, accountability, and participation as well as professional values such as effectiveness and efficiency, promoting individual rights, and personal liability.

Since 1990, Mongolian public administration has been reformed in three phases, and the reformers have tried to adapt several of the best practices from developed countries. The initial phase, from 1992 to 1996, was to introduce a traditional career based system of public administration, basing the new system on the experiences of Germany and Japan. The focus was on maintaining the existing system rather than on reforming it. Then in the second phase, from 1997 to 2011, the New Public Management (NPM) concept, particularly the New Zealand model, was introduced. The result was that performance management, contract management, and the delegation of power to line managers were brought into practice. The third phase is associated with the cancellation of the NPM reform activities by the recently passed Law on Budget.

In line with changes in public sector management reform concepts, the significance or meaning of these new values as well as application strategies have been altered. For example, during the career based reform period, being accountable referred to the obligation of public servants to provide information or explanations to a superior authority in the execution of their functions. Then in the NPM reform period, accountability was understood as being accountable to their general

managers for the consequences of their own performance. The latter reform introduced a double dimension: the vertical and horizontal accountability of public organizations. Now an individual administrator or public organization is obligated to be accountable to a superior authority as well as to the citizens and social groups.

This reform addresses not only the issue of enhancing management effectiveness or the efficiency of the public organizations. It is about changing the existing structure and the processes of delivering public services, in line with the fundamental principles of democracy. It is about changing public officials' habituated behavior and beliefs that are often viewed as unskilled and poorly motivated to perform their official tasks. But their behavior and their expectations usually reflect the institutional environment that exists within public organizations, and they very much depend on the management or leadership of their *organizations*. If the regulations and rules are expected to be changed very soon, if the policies are seen to be contradictory or not clear enough, if the reforms initiated at an upstream level are not implemented at the downstream level, if the new requirements and policies are likely to be unfitting to practical reality, or sometimes if there is no management at all, then working hard and being motivated will be meaningless. Hence, the performance of public organizations and public sector reform results very much depend on the institutional environment in which public officials find themselves.

Through their decisions, policies, or activities dealing with issues that affect the welfare of the community and the services delivered, leaders of public sector organizations inevitably become responsible not only for the well-being of the citizens or community. They are also responsible for the creation and maintenance of a productive and healthy working culture within public organizations themselves. In this regard, a public organization leader with a clear vision and with the right influence on employees and on the community needs to become a statesman, transforming an administrative management into institutional leadership.⁴

4

Selznick, Philip (1984). *Leadership in Administration. A Sociological Interpretation*, 2nd ed. California: University of California Press. p. 1.

1.2.1 Challenges to public leadership

Alongside the transformational processes taking Mongolia from a communist regime to a democratic republic, attempts to simultaneously follow all the waves of public sector reform and of increased globalization in the twenty-first century increase pressure on managers of the public organizations of Mongolia. First of all, the managers need to understand the nature of the change itself and must be able to adapt to constantly changing internal and external demands. They need to keep going in the right direction as they manage their organizations through these changes, and must also be key actors in establishing favorable conditions within which both business and non-government entities will function. On top of this, they must be economical and calculating in every financial decision and must find creative solutions allowing them to do more with less, and at the same time to be able to meet citizens' and other stakeholders' needs and demands with higher quality services. Managers need to be capable of having effective horizontal as well as vertical communication with all interest groups.⁵

Especially in case of adopting several best practices from other countries, knowing the nature of the reform policy and comparing it to one's own national governance values and histories is extremely challenging. On the other hand, as cross-border interactions between countries (at both public and private sector levels) increase intensively, government organizations at all levels are becoming participating actors in decision-making that has effects beyond the territories of their nations.⁶ Furthermore, there is a great deal of exchange of best practices, which inevitably make organizations rather isomorphic with others. Nevertheless, all best practices proposed cannot be suitable for every situation. Public managers need to distinguish which best experiences are important and what is not important to adopt from others.

5 Fairholm, Matthew R. (2007). "Trans-Leadership: Linking influential theory and contemporary research." In: *Transforming Public Leadership for the 21st Century*, edited by Morse, Ricardo; Buss, Terry and Kinghorn, Morgan. New York: M.E. Sharpe, Inc. p. 124.

6 Siedentopf, Heinrich (2001). "The Internationality of Public Administration." In: *Public Administration in Germany* edited by König, Klaus and Siedentopf, Heinrich. Nomos Verlagsgesellschaft Baden-Baden. p. 599.

1.3 The problem statement

Public sector organizations play the role of catalyst in the development process. This idea is described in a Mongolian government document stating that *“if political stability and succession are maintained, if sustainable economic growth is generated, if social development is present, if the quality of citizens’ life is improving, then it means the Mongolian civil service is doing well in implementing its guide rules and if any of these fields faces drawbacks it means the civil service is unable to perform its role as a guide”*.⁷ However, despite the implementation of several profound reform policies, the revision of the legal framework, and despite rapid growth of the country’s economy, the accomplishment of and satisfaction with public sector performance still remain unsatisfactory in Mongolia.

The social structure, particularly the human factor, needs to be considered. It is a great reservoir of energy that may either support and sustain the reform processes and enhance the formal system or reject and undermine it. People also tend to maintain their beliefs and their habits for a long period of time, wishing to preserve them continuously. In order to utilize the human potential purposefully and constructively for the effective implementation of the organizational mission, changing the public employees’ beliefs and habits is the most important objective for management reform right now in Mongolia. This needs to shift the focus of the reform policies of the formal institutions to the informal institutions, i.e. to the work culture within the public sector and to changes in employees’ work attitudes and work behavior.

1.4 Overall research objective and research questions

This research focuses firstly on the study of the conditions of success for the public sector reform processes, particularly the conditions related to human factors. In this research the discussion of human factors refers especially to culturally and socially derived factors. Secondly and based on the study of the conditions of success, this research intends to find possible ways to integrate new values into public sector management, particularly into public administration organizations of Mongolia.

7

The Government Service Council of Mongolia (2008). “Civil Service Profile Map of Mongolia.” p. 45.

In order to accomplish this, the research employs four groups of research questions:

First, what are the culturally and historically rooted traditional values as well as the new values of public sector reform policies of Mongolia? What are the challenges of introducing these values into the day-to-day work environment? How are these new values associated with traditional values of Mongolian statehood?

Second, what type of culture is predominant in the public sector organizations of Mongolia? How does the contemporary cultural context of the public organizations match with the contemporary reform concepts?

Third, what motivational type of values do public employees consider to be the most important in their day-to-day work relationships? Is there congruence between employees' values and institutional values?

Fourth, what role should the managers of public sector institutions play in order to facilitate and ensure that public servants work towards an organizational mission? How can they build consensus? What lessons should be learned from developed countries' experiences in integrating values in public sector management practice?

1.4.1 Scope and limitation of the research

Public sector reform processes are conditioned by broader contexts that produce, support and sometimes hinder changes. Therefore, this research work touches upon, to a limited extent, the context as well as the content of the reform. Mainly, it focuses on the institutional environment of public sector organizations.

In Mongolia, the term "civil servants," in a broad sense, refers to personnel employed directly or indirectly by the state or public institutions. There are four categories of civil servants: "*political service*", "*administrative service*", "*special service*" and "*support service*". This research will concentrate on the administrative and support service institutions and their employees.

Although a significant amount of experience and lessons have been learnt over the past twenty years of public administration reform in Mongolia, there have not been any systematic studies conducted on this issue. Today, there are limited sources of data available on the evolution of the reform policy. As Hausman noted, in the mid-1990s people were rushing to dismantle the planned economy and were interested in

making changes. Even though they knew there were deficiencies in the reform processes and would have liked to make an assessment, there was not enough time for that. Consequently, many reform activities remained “undocumented”.⁸ This is the main reason for the shortage of research documents.

Despite the important role of public employees’ values in the institutionalization of reform concepts into everyday practices, however, a review of the relevant literature shows that just a few empirical studies are available on this topic in Mongolia. In 2006, R. Vandangombo and Ts. Baatartogtoh, professors at the National Academy of Governance of Mongolia, conducted a study on the “Ethics of the Public Sector and Its Evaluation: Analysis and Discussion”; in 2002, Tsetsenbileg Tseven published his research results on the ‘Modernization impact on value changes of youth’; in 2001, the Academy of Science of Mongolia published research articles on ‘Social Reform and Changes in Lifestyle’. All these studies came to the conclusion that lifestyle changes after democratic transformation have been altering individuals’ values. The current research focuses on values of public employees, particularly on the relationship between work values and cultural context.

The next limitation of the research concerns the ‘*institutional leadership theory*’ – the key solution tool for infusing new values into public management practices. As noted by Washington et al., the institutional leadership theory has been cited in management research and in the traditional leadership literature very loosely. Usually it is not cited as central to their arguments.⁹ In spite of this fact, the institutional leadership theory is used in the current research not only to explain the leadership aspects inherent to public organizations, but also to explain how leadership can make an administration a supportive institution for a sustainable future.

8 Hausman, David (2010). “From central planning to performance contracts: new public management in Mongolia, 1996–2009.” *Innovations for Successful Societies*, Princeton University. p. 3. available at: <http://www.princeton.edu/successfulsocieties/content/focusareas/CS/policynotes/view.xml?id=107>. accessed: 05/04/2012.

9 Washington, Marvin; Boal, Kimberly and Davis, John (2008). “Institutional leadership: past, present, and future.” *In: Handbook of Organizational Institutionalism* edited by Greenwood, Royston; Oliver, Christine; Suddaby, Roy and Sahlin, Kerstin. Los Angeles: SAGE Publications. p. 725.

1.4.2 The structure of the dissertation

This dissertation contains nine chapters that are structured to reflect the different research objectives for the overall goal of the dissertation. *In this first chapter*, the problem and its settings are discussed. In order to contextualize the study, the following aspects are introduced: destabilizing the socialist and establishing the democratic values, the changes and challenges in the public sector of Mongolia, the leadership challenges in the public sector reforms, the problem statement, and the overall research objectives and research questions.

Chapter 2 outlines the theoretical and conceptual framework through which the current research evolves. Brief discussions of the following theories are elaborated in this chapter, namely the '*cultural theory*' by Thompson et al. (1990), the '*value theory*' by Schwartz (1992), the '*institutional leadership theory*' by Selznick (1957), the '*radical change model*' by Greenwood et al. (2008), and the '*structuration theory*' by A. Giddens (1984). The first two theories are used to explore the existing internal institutional context of the public sector organizations. In other words, based on the cultural and value theories the current research aims to analyze the situations within a public sector organization that become crucial conditions for any kind of reform activities. Subsequently, the phases and the failures of the change process as well as the role of leaders are studied by applying the latter two theories.

Chapter 3 outlines the research methodologies used in the dissertation. The research methodologies are based on the incremental approach and include quantitative and qualitative methods. This chapter explains in detail the structure of the questionnaire developed on the basis of the cultural and value theories. It then provides information on the organizational aspects of the survey processes, sample size and sample demographic variables as well as the cities and provinces where the survey was conducted.

The analysis of the national culture and statehood history of Mongolia, viewed as conditioning factors for the functioning of public sector organizations, is presented in *Chapter 4*. The traditional way of life of nomads, religious background and historic legacy of Mongolian statehood from pre-historic times is discussed and analyzed in this chapter from the perspective of cultural theory in order to identify the inherited or possibly highlighted values among Mongolians.

Chapter 5 discusses the public sector reform within the last twenty-two years. Democratic governance principles and economic rationalism have been the influential factors in reshaping new managerial

values in the public service. Three phases of public sector reform are addressed in the current research based on the analysis results of the conceptual changes to the reform policies. Despite the fact that profound reforms have been taking place and the legal framework has been renewed, efforts to integrate new values into the structures, processes and systems of public organizations are still not producing the expected results in Mongolia. Therefore, the challenges that are encountered in achieving the expected results are discussed in this chapter by using the project documents and other relevant literature. This chapter also includes a discussion on civil service in Mongolia by outlining the legal framework, the structure, the size and some demographic features of the Mongolian civil service.

Chapter 6 focused on the cultural aspects of public organizations. If public sector reform is a part of the broad social transition towards the democratic system, then it is necessary to study how the reform influences the administrative practices and how it changes the work environment within the public organizations. Firstly, it identifies the prevalent types of culture that exist in public organizations. Then, based on results from empirical research, it defines the cultural differences between the capital city and the provinces and between administrative and support service organizations. Finally, it analyses the implications of the cultural environment for the actions of managers and leaders.

Public sector employees' values derived from the existing institutional environment of the public sector are discussed in *Chapter 7*. The study uses the definition of value and the research methodology developed by Shalom Schwartz. He submits that "values (1) are concepts or beliefs, (2) pertain to desirable end states or behaviors, (3) transcend specific situations, (4) guide selection or evaluation of behavior and events, and (5) are ordered by relative importance".¹⁰ Accordingly, this chapter provides a discussion of the survey results concerning 10 motivational types of values of public employees. It provides comparative discussions on value types regarding their priority, gender and generation, and on the differences within the sector. Finally, this chapter raises a discussion concerning the dominating value implications for work behavior.

Chapter 8, based on the findings from previous chapters, discusses ways to integrate new institutional values into daily administrative practices in Mongolia. In developed as well as in other post-communist

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Schwartz, Shalom (1992). "Universals in the content and structure of values: theoretical advances and empirical tests in 20 countries." In: Zanna, M. (ed). *Advances in Experimental Social Psychology*. Vol. 25. Orlando, FL: Academic Press. p. 1.

countries, the introduction and integration of new values into existing structure have usually been implemented through a consistent legal enforcement combined with various capacity-building measures. These are important for the case of Mongolia as well. While taking into consideration the radical changes in Mongolia, the current work focuses on institutional leadership, which mainly emphasizes the management of organizations according to values in order to ensure its long term development.

Finally, *Chapter 9* concludes the research by summarizing the research findings and the contribution of this research to public sector management reform in Mongolia. It briefly discusses the theoretical implications of the current work, the methodological aspects of the value study and cultural type analysis, as well as the practical implications of the dissertation for public sector management reform in Mongolia.

2 Conceptual and theoretical Frameworks

2.1 Introduction

This chapter describes the development of the research idea using theories from sociology, psychology, public administration, change management and management science.

For the conceptual framework it takes Anthony Giddens' structuration theory and briefly discusses the dual relationship between societal structures and agents. Going beyond the assumptions of cultural or institutional influence upon organizations' performance, this study attempts to explore a reversal of this phenomenon. Its aim is to explore the potential of individual leadership to foster radical change in existing institutions or in public sector organizations.

It further develops with a theoretical framework utilizing four different theories. In order to uncover the predominant and also the counter-cultural context or structure within public sector organizations, it elaborates on the cultural theory by Thompson, Ellis & Wildavsky. Before that, it gives a brief review about the ways and mechanisms of cultural influence on an organization. Then to explain how the structural impact is reflected in public sector employees' work values, the prominent two-dimensional value theory developed by Schalom Schwartz is also elaborated here.

Following this is a discussion of processes of radical changes and the role of leadership. Here the institutional leadership theory by Selznick as well as the neo-institutional change model is viewed. The common ground of these four theories is the concept of value. The creation or maintenance of values and consensus building to bring about reform within a social structure is the main focus of the present work. An integral consideration or the ensuing discussion of the findings serves as the foundation of this study's proposal to integrate values into the management practice of the public sector in Mongolia.

2.2 Conceptual framework

Any actions by individuals as well as any activities of organizations are greatly linked with and remain under the influence of the socio-cultural and institutional environments that they find themselves in. If this is true, then how do changes occur within an existing structure? How is it possible to accommodate new practices, and who brings about transformation in human societies? For example, if individuals wish to make a way of life for themselves, they must negotiate their own preferences within societal cultural biases, then internalize and follow a set of values that are able to support their chosen way of life. Individual behaviors coherent with a particular way of life¹¹ are worthy of praise for people with the same values, but for others they are undesirable and avoidable. In this way, socio-cultural and institutional environments shape the patterns of thinking and behavior of individuals.¹²

Just like individuals, organizations also usually become the subject of institutional pressure. Accordingly, societal norms and institutional environments affect organizations' existence, their structure, processes and ideologies as well as leaders' behavior. Therefore all organizations are expected to comply with societal norms, unless it is expressly accepted and legitimized by outside forces.¹³ The same concern was raised by Frumkin and Galaskiewicz. They asserted that "organizations do not always embrace strategies, structures, and processes that enhance their performance, but instead react to and seek ways to accommodate pressures following external scrutiny and regulations".¹⁴

But public sector organizations through their services and products become a creator of changes in society.¹⁵

As introduced above, the conceptual framework that guides this research is based on the structuration theory (ST) by Anthony Giddens

11 Many alternative labels are used to name this typology as a synonym, such as a way of life, cultural type, social pattern, and form of social solidarity. Cultural type will be used in this research paper.

12 Hofstede, Geert (1984). *Culture's consequences: International differences in work related values*. California: SAGE Publications, Inc. p. 253.

13 Brunsson, Nils (2006). *The Organization of Hypocrisy: Talk, Decisions and Actions in organizations*. Chichester: John Wiley & Sons Inc. p. 15.

14 Frumkin, Peter and Galaskiewicz, Joseph (2004). "Institutional isomorphism and public sector organizations." *Journal of Public Administration Research and Theory*. Vol. 14, (3). p. 285.

15 Moore, Mark H. (1995). *Creating Public Value: Strategic Management in Government*. Cambridge: Harvard University Press.

(1984). The ST theory explains the agent's power to influence the environment in which he or she lives.

Structuration theory explains the dual relationship between structure and action. Structure is a set of rules and resources that engages human action. Rules restrict actions, but the resources make the actions of agents possible. Structures (traditions, institutions, moral codes, and other sets of expectations, that is, established ways of doing things) are quite stable, but they can be changed. The process by which the structures (re)produce systems is called structuration. Structuration means that relations that took shape inside the structure can exist "out of time and space". In other words, independently of the context in which it is created, any structure is able to reproduce itself in order to maintain its continuity.

ST suggests that the agent is the fundamental element in creating any sort of change. Through reflective monitoring, individuals rationalize their day-to-day activities. Consciously or unconsciously, people start to ignore rules, norms or traditions, and replace them or reproduce them differently. Thus the consequences of their actions renew regulations, change routines and recreate structures.

Hypothesis 1: Historically and traditionally rooted ways of administering still dominate and tend to reproduce themselves in the practices of public sector management in Mongolia.

Hypothesis 2: The leaders with institutional views are the change agents for introducing the new values into public sector management of Mongolia.

2.3 Theoretical frameworks and study hypotheses

2.3.1 Cultural types within public sector organizations

Culture becomes one of the most important aspects of this research. This section starts with a brief discussion on the definition of culture that is used for the analysis and on the relationship between culture and organization.

The definition of culture provided by Kroeber and Kluckhohn is a clearly manifested two-sided relationship between culture and organization:

Culture consists of patterns, explicit and implicit, of and for behavior acquired and transmitted by symbols, constituting the distinctive achievement of human groups, including their embodiment in artifacts; the essential core of culture consists of traditional (i.e. historically derived and selected) ideas and especially their attached values; culture systems may, on the one hand, be considered as products of action, on the other hand as conditioning elements of future action.¹⁶

In this regard, culture represents an independent variable which influences the behavior of human groups. On the other hand, culture itself is relevantly stable, and a dependent variable which adopts changes gradually as the consequence of actions. Hence, organizations can be the object of cultural pressure as well as the subject of change in a particular social environment.

2.3.2 Reviewing theoretical approaches to culture and organization interlinkages

The relationship between culture and organization has been widely studied, but mainly it is held as a viewpoint that culture is a conditioning factor for an action of an organization or a predetermining factor for the functioning of organizations within a certain cultural environment. Marcus W. Dickson et al. argue that as a result of imposing societal demands and expectations on organizations, organizations reflect the culture of the society in which they exist.¹⁷ This view is also held in the study by Schedler and Proeller as well as in the research of Marcus W. Dickson et al. Both studies have given certain classifications of the culture-organization relationship. Although they present different explanations, their categories are similar in terms of *cultural immersion* and the *socio-cultural approach*.

Schedler and Proeller summarize four approaches for studying the interlinkage between culture and organizations:

First, the socio-cultural approach which sees culture as something that remains stable and external to organizations. In case of compatibility with the existing culture, an organization will be supported. Hence,

16 As cited in Adler, Nancy J. (1993). Do cultures vary? In: Weinshall, T.D. (ed.), *Societal Culture and Management*. Berlin: Walter de Gruyter & Co. p. 29.

17 Dickson, Marcus W.; BeShears, Renee S. and Gupta, Vipin (2004). The impact of Societal Culture and Industry on Organisational Culture. *Culture Leadership and Organizations*. In: House, Robert J. eds. (2004). "Culture, Leadership, and Organizations: The GLOBE Study of 62 societies." London: SAGE Publications, Inc. p. 76.

it implies a unidirectional relationship between culture and organizations, which means that a culture determines the environment of an organization. Culture, thus, may act as a promoter or a hindrance for an organization.

Second, the culturalist approach which considers organization itself as a culture, as a structure of knowledge, as well as sharing symbols and meanings among its members or a mutual sense-making process among members. The main concern is how individuals interpret and understand shared meanings and in what way they link them with their activities. This approach more or less regards a culture as existing within an organization, and thus determining its identity.

Third, the neo-institutionalism approach consists of historical, sociological and rational-choice branches. Historical institutionalism views institutions as a set of formal and informal rules and regulations within an organization derived from the past history of an organization. It defines the identity and preferences of people, consequently influencing human behavior. In sociological institutionalism, institutions are not only formal and informal rules and regulations, but also a system of symbols, cognitive scripts, and moral framing. It assumes that there are a highly interactive and mutually constitutive relationship between individual and organization.

Fourth, in the functionalist approach or corporate culture approach, a culture is viewed as an organizational element from a management perspective and considered a tool for managing organizational changes and an influential determinant of organizations' outcome.¹⁸

In addition, Marcus W. Dickson et al. revise and also categorize the relationship between organization and societal culture. They name several potential mechanisms, such as cultural immersion, social network, resource dependency and institutional environment, through which societal culture influences organizations.¹⁹

Cultural immersion The normative prescriptions and proscriptions for behavioral expectations that characterize a given culture create a shared mentality or common pattern. This shared mentality embedded in the thoughts and actions of members of a society differentiates them from others. It separates one society from others. The pattern of thinking and behaving of individuals affects an organization either

18 Schedler, Kuno and Proeller, Isabella (2007). "Public management as a cultural phenomenon: Revitalizing societal culture in International public management research." The E-Journal International Public Management Review. accessed at <http://www.ipmr.net> Vol. 8, (1). p. 186.

19 Dickson, Marcus W.; Be Shears, Renee S. and Gupta, Vipin (2004). p. 74–75.

directly through its demands and expectations from society or indirectly through the organization's leaders' decisions and actions.

Social network – A cohesive network and competition shape behaviors of organizations. Organizations develop networks with other organizations. The cohesive network forms shared values and cultures that regulate communication among participating organizations, thus reinforcing the network itself. Member organizations tend to demonstrate strong behavioral conformity to the network, and any deviation from the norm will be punished by the group. Additionally, organizations with the same role can be substituted by other organizations in the market, depending on their competitiveness. Advances in technologies, new products and services lead to changes in the expectations of a society. This then indirectly necessitates that other organizations change.

Resource dependency – Organizations remain not only under the strong influence of input and output to and from markets, but also beliefs, norms, and traditions of a given society. Thus, in order to prosper, organizations must first strive to achieve social legitimacy. Access of organizations to material resources while being accepted into a given society is one important aspect of their existence.

Institutional environment – The institutional environment of organizations consists of rules, practices, symbols, beliefs, and normative requirements such that activities of organizations must be conventional in all of these aspects in order to acquire legitimacy from society and from other organizations. Thus institutional pressures make organizations rather isomorphic with others. *Coercive isomorphism* is a response to formal and informal pressures from larger environmental factors such as political, legal, historical, cultural and regional conditions, as well as from other organizations exerting special expectations or cultural norms to be confirmed by an organization. In *mimetic isomorphism*, organizations trying to avoid uncertainty mimic other organizations either inside or outside their field, and either with or without the same preconditions. Adaptation of the New Public Management model in most countries is a good example of mimetic isomorphism. *Normative isomorphism* exists in educational or professional societies or associations that put pressure upon professionals operating within organizations to conform to a set of rules and norms.

In sum, societal culture fosters as well as prohibits organizations' activities through different mechanisms, directly or indirectly, implicitly or explicitly and at different levels. However, organizations themselves also try to meet societal cultural norms or expectations in order to be legitimized by external forces. Geert Bouckaert (2008) describes culture

and organization relations as a “push and pull” effect. From a cultural perspective, an existing culture gives a “push” to new changes, regulations and laws. Sometimes, however, social relations and cultural biases often even inhibit such novelties in that they “pull” back organizations to a previous state.²⁰

2.3.3 Cultural theoretical definitions of the cultural types

Why do public sector organizations behave the way they do? Why do managers behave the way they do? Any individual's action and thought are relevant to the cultural surroundings. Individuals' involvement in social life is determined by two dimensions of sociality – group and grid – claims Mary Douglas, the founder of grid-group theory.

The group dimension indicates the role of group pressure upon a person's ego, stemming from moral compulsion and the degree of group integration. A higher score on the group dimension suggests frequent face-to-face contact between members and higher collective pressure on members to signal loyalty. With a lower group score, relations are more ego-oriented and belonging to any group is not seen as necessary.²¹ The second, or grid, dimension refers to the constraints created by an ordered structure or regulations imposed upon group members. With a higher grid score, prescriptions are numerous, varied and firm, and institutions determine individuals' status and restrict their transactions. At lower grid scores, prescriptions are fewer, paving the way to freedom, autonomy and competition.²²

20 Schedler, Kuno and Proeller, Isabella eds. (2008). Cultural aspects of public management reform. Amsterdam: Elsevier JAI. p. 5–6.

21 Douglas, Mary (1978). Cultural bias. London-New York: Routledge. p. 10.

22 Ibid. p. 11.

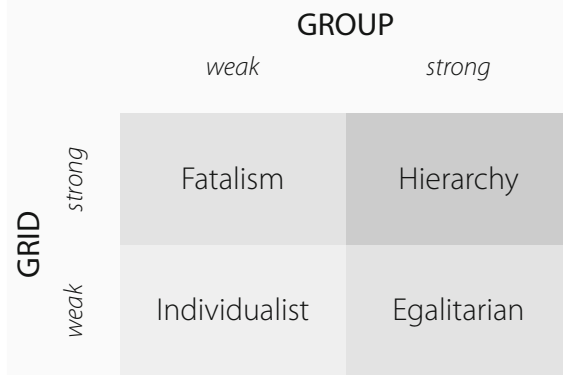


Figure 1. Grid-group theory's two dimensions and four social patterns (cultures)

The conflicting and complementary relationship between these grid and group dimensions define four social patterns of culture or cultural types.²³ Figure 1 shows this relationship according to the basic structure of the theory. Weak grid/weak group is labeled as “individualism”, demonstrating a low level of involvement and a negative attitude towards restrictions on freedom of choice. Strong grid/weak group, or “fatalism”, favors clearly defined instructions and regulations. Strong grid/strong group is “hierarchy”, characterized by strong group boundaries and binding prescriptions. Weak grid/strong group is the “egalitarianism” culture, emphasizing equality and collectivity of members.

Egalitarianism (strong group, weak grid) is characterized by lack of internal differentiation of roles among members. Within the group there is little formality or structure and therefore no explicit leadership. Relations between group members are ambiguous and internal conflicts are difficult to resolve. Since this type of culture emphasizes collectivity, it results in creating fractions and sects with strong shared values and norms of behavior. Thus it clearly creates boundaries between “ourselves” and “others”. Solidarity, collective responsibility, equal opportunity and empowerment are the main ideologies of such members.

In hierarchy (strong group, strong grid) the fundamental concern is the preservation of order, and all systems are created with this principle as their chief goal. Clarity of roles or division of labor, procedures and regulations define the relationships among groups in the hierarchy. The maintenance of order requires control, and therefore the use of

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Many alternative labels are used to name this typology as a synonym, such as a way of life, cultural type, social pattern, and form of social solidarity. Cultural type will be used in this research paper.

discipline and authority. Blame is put on deviants who do not endorse the established procedures. The collective interest always first over the individual's are the main ideology.

In individualism (weak group, weak grid) individuals, bound by neither group incorporation nor prescribed roles, live on the basis of personal competence, fortune and networking. In such an individualistic environment of self-regulation, individuals are free to enter into any transactions with others as they like within any coalition and are keen on keeping institutions small as well as minimizing state interference.²⁴ Boundaries are provisional and individuals are subject to negotiation. Individuals are relatively free from control by others, but on the other hand, their success is often measured by their ability to control others and by their position in a network and by their ability to manage its resources and demands.

In fatalism (weak group, strong grid) individuals are isolated, subordinated, and passively obey highly regimented and controlled functions. External or supervising bodies give the directions, therefore there are no creative initiatives but just passive reactions to stimuli.²⁵ Their sphere of individual autonomy is restricted and relations are constrained by a variety of prescriptions. Everything crucially depends upon conditions beyond one's control; therefore, there is no point in taking one's destiny into one's own hand. Due to the unmanageable capricious nature of this way of life, distrust and fear of being exploited by others are common. People are likely to prefer an authoritarian political system in order to enforce laws and be "looked after" as well as to have predictability in their lives.

Michael Thompson and Aaron Wildavsky made the important further development of the grid-group theory, based on the idea that each cultural type defines itself in contrast to others, and charges the other cultural types with moral failures. As Thompson argues, social relations generate cultural bias and preferences that in turn tend to keep those relations. Conversely, if the social relations and cultural bias are not compatible, a way of life will not be viable and changes will occur. Shared values justifying social relations will be changed, consequently changing the way of life.

However, the four types of culture are inherently adversarial, each type needing the other types in order to be viable or against which to

24 Grendstad, Gunnar (1999). "A political cultural map of Europe. A survey approach." *GeoJournal* Vol. 47. p. 464.

25 Thompson, Michael; Ellis, Richard J. and Wildavsky, Aaron (1990). *Cultural Theory*. Boulder, Oxford. West View Press. p. 2.

define itself. A cultural bias alone will fail. Thus there are always four ways of life within a society. These four ways compete for adherents; nevertheless, they are dependent on one another. It does not mean that every way of life will be equally represented within a single country or within a single social structure at a given time. These ways of life remain in a relationship of disequilibrium. Plural ways of life give individuals a chance to see other possibilities, to compare existing social arrangements with alternatives.

The focal points of the theory are modes of social control, forms of power, myths of nature (the relationship between life and the world), and the ways of managing its resources and demands underline distinctively the strategic behavior of individuals from one cultural type to another. Modes of control may be constructed either through the limits of a social unit drawing a boundary or through prescribed rules and regulations accompanying individuals' status. In this theoretical framework, individuals according to their position and personality may or may not be entitled to exercise power over others.²⁶

Hood applies CT to public management research in order to explain the differences in behavior of public sector organizations. He writes that if a hierarchist view of management prevails, then people tend to preserve the order. In relationships, usually the collective comes first and the individual second. If an individualist view is dominant, then personal responsibility and competition would be paramount. If an egalitarian idea is preferred, then a supposedly equal opportunity for all, empowerment and decentralization ideas would be stressed. Management or organizations within a fatalist culture would prefer to be under an authoritarian leader enforcing laws and "looking after" everyone.²⁷

Hypothesis 3: The centralized authority and hierarchical structure of relations are still pre-dominant in public sector organizations. Especially in local areas hierarchical and fatalist cultural types will be stronger.

Hypothesis 4: In line with democratic changes in Mongolia and in line with PSM reforms promoting decentralization, managerial empowerment and flexibility, four types of culture are fostered more or less equally in public sector organizations.

26 Thompson, Michael et al. (1990). p. 40–43.

27 Hood, Christopher (1998). *The Art of the State. Culture, Rhetoric, and Public Management*. Oxford, Clarendon Press. p. 182.

2.4 Investigating public sector employees' values

Before starting to discuss the theory that is used for investigating public employees' values, there is a need to discuss the definition of value and the evolution of its meanings in common understanding. The term "value" is used in a variety of ways in academic and government papers in Mongolia, namely "preference" (*Erhemlel*), "preferable thing" (*Erhemleh zuil*),²⁸ "preferable and respectful thing" (*Erhemlen deedleh zuils*), "a value" (*Unet zuil*), and "a valuation" (*Unelemj*). It indicates differences in understanding. However, the first four terms reflect a more definite meaning of the term 'value' than the last one, but there is still a need to have a closer look at value definition.

2.4.1 Defining values

As Folsom noted, there is a tendency to use the term 'value' to cover "any general pattern, situation or aspect of human behavior, society, culture, or the physical environment, or their interrelationships."²⁹ The concept of value has been used widely in social and behavioral sciences. Economic theorists, depending on the degree of an objects' utility and its changeability by other useful goods, have been determining the sources of values for objects. Anthropologists see values as a product of the socio-cultural situation of a society. Ecological, cultural and institutional differences between societies create different contexts for social life, therefore their values will be shaped differently. In sociology, social values are studied as shared beliefs driving all actions of individuals in society thus providing a society with coherence. Psychological theorists explain that values arise from individual experiences as well as from the social environment and become one of the motivational sources of purposeful behavior in human beings. This shows that value conceptualization has been studied in many different areas, which has resulted in the development of a variety of meanings for value concepts.

28 Dash-Yondon, B. in "Монголын нийгмийн оорчлолт" is proposing to label the value as "Erhemlel" or "Erhemlen deedleh zuil", because values are usually connected only with preferences. However, very a logical explanation for this term is giving, the definition is limited by an idea of a guiding principle or standard. "Erhemlen deedleh zuils" in policy documents of the CSC is very often used. In academic and policy documents on democratic changes there is tendency to use the term value. In many social science research papers "Unelemj" is used.

29 As cited in van Deth, Jan and Scarbrough, Elinor eds. (1995). The impact of values. New York: Oxford University Press. p. 23.

However, in the social sciences the following three distinct conceptualizations of value are more commonly used. First, an object possesses value in that it is worth a certain amount of money or is preferred to other objects according to its utility. This object may be tangible, or it may vary in its degree of abstractness. For instance, Thomas and Znaniecki gave the first definition: A value was taken to be “any datum having an empirical content accessible to the members of some social group and a meaning with regard to which it is or may be an object of activity”. As examples of values they cited “a foodstuff, an instrument, a coin, a piece of poetry, a university, a myth, a scientific theory.”³⁰ Thus they claimed that value is inherent in objects.

Second, Kluckhohn and Allport claim that values are ideas and conceptions that people share about what is good, bad, desirable and/or undesirable. Values are conceptions of the desirable that influence human understanding, attitude, and behavior. Values are usually very general and abstract; they transcend a variety of situations. As T. Parsons argued, the “articulated” and “internalized” value system gives the entire society and its members the ability to live more consistently. Thus values are culturally determined ideas and preferences.

The third idea is proposed by M. Rokeach and N.T. Feather. They claim that the valuing process has an interactive character. Thus values do not exist independently of persons; nor do they exist independently of objects. Values are influenced by both: by the experiences and background of the person engaged in valuing and by the characteristics of the object being valued. Thus, values are results of interactions between a person and an object.³¹ And this third way of explaining value is the basis for the current study.

On the basis of dichotomous thinking, a Mongolian scholar Dr. Ts. Baatartogtokh develops the concept of value. Though the physical world is to be a continuum of oppositions such as left/right, female/male, white/black and beautiful/ugly, the social world is also to be a continuum of dichotomous thinking such as right/wrong, desirable/undesirable and evil/good. All kinds of human behavior in social life might be arranged across a continuum from forbidden actions to preferred actions. The forbidden actions are labeled taboo (*үзэглэх ёс*) and every nation due to its tradition has a number of taboos which have the meaning of limitations, restrictions and forbiddances. On the contrary,

30 As cited in van Deth, Jan and Scarbrough, Elinor eds. (1995). *The impact of values*. New York: Oxford University Press. p. 21.

31 Feather, Norman T. (1975). *Values in Education and Society*. New York: The Free Press. p. 3.

preferred, promoted, valued actions are named the tradition of preferences (*эрхэмлэн дээдлэх ёс*). Any evaluation of one's own and others' actions as well as events will fall between these two opposing poles. Thus values (*үнэлэмж*) are based on the grading of things and actions in terms of their relative desirability and undesirability to a subject, writes Ts. Baatartogtokh.³² His definition of values as a subject's valuation criteria on dichotomous continuums brings ambiguity to an understanding of the concept of value.

There are different views and different terms in value conceptualization. Values are defined as beliefs, needs, desires, wants, preferences and concepts of desirability. As Van Deth and Elinor Scarbrough claim, "A desire is simply a wish or a preference. The term 'desirable', however goes beyond the idea of wish or want to bring in considerations with moral content – principles, ideals, virtues, and the like- in which 'want' is modified by ought".³³ The term 'preference' indicates the relationship between two things; one is preferable to another. Comparing criteria for giving a preference to one thing over another could be different from situation to situation. Thus, preference might be changeable from time to time, from object to object depending on situations and on subjects. These terms of the conception of desirability or beliefs are used by Kluckhohn, M. Rokeach and by Shalom Schwartz in their definitions. M. Rokeach defines it as prescriptive statements or proscriptive beliefs that advocate a certain course of action or a certain state of existence as desirable or undesirable.³⁴

Kluckhohn takes the view that values should be seen as a conception of the desirable. He defines it as "... a conception, explicit or implicit, distinctive of an individual or characteristic of a group, of the desirable which influences the selection of available modes, means and ends of action."³⁵

The idea of desirability is also in the definition provided by Milton Rokeach. He defines it as "an enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end state of existence. A value system is an enduring organization of beliefs concerning preferable

32 Baatartogtokh. Ts. (1999). Монголчуудын үнэлэмжийн оорчлолт, тууний чиг хандлага. Улаанбаатар. p. 5.

33 van Deth, Jan and Scarbrough, Elinor eds. (1995). The impact of values: Beliefs in government. New York: Oxford University press. Vol. 4 p.26.

34 Rokeach, Milton (1968). Beliefs, attitudes and values; A theory of organization and change. Joseey-Bass Inc. Publishers. p. 113.

35 Kluckhohn, Clyde (1951). Values and value orientation in the theory of action. In Toward a General Theory of Action, eds. Parsons, T. and Shils, E. A. NY: Harper. p. 506.

modes of conduct or end-states of existence along a continuum of relative importance".³⁶ Shalom Schwartz takes a similar standpoint to these two definitions. According to his definition, "values (1) are concepts or beliefs, (2) pertain to desirable end states or behaviors, (3) transcend specific situations, (4) guide selection or evaluation of behavior and events, and (5) are ordered by relative importance"³⁷. The current study relies heavily on this definition.

In these definitions a number of points are emphasized. Values are more enduring and sufficiently stable beliefs or concepts that provide continuity of human personality and society. Values, as prescriptive or proscriptive beliefs or concepts about the desirability of something, transcend specific situations and serve as the guiding standard in selection as well as in evaluation of a person's own conduct, the behavior of others and events. This concept or belief about the desirable involves knowledge about the way to behave or the correct end-state for which to strive, which means it is considered to be 'desirable,' preferable to something else and *is always above reality*.³⁸

Values are relatively durable internalized beliefs guiding behavior. As such, they differ from other concepts such as attitude, desire, wishes and norms. Like values, attitudes are personal and internal; unlike them, attitudes concern specific things and situations. Values also transcend various situations. Whereas norms are also evaluative, general and durable, they are external to actors and – in contrast to values – require sanctioning for their efficacy.

Values and behavior. The interrelationship between values and behavior is studied by several scholars. Kluckhohn, Rokeach and Schwartz have incorporated into their definition of values the notion that values relate to action or to behavior. Kluckhohn defines a value as a conception influencing the selection of available modes, means and ends of action. More directly, Schwartz depicts values as concepts or beliefs which pertain to desirable end states or behaviors, and which guide selection or evaluation of behavior. Rokeach points to a value as a belief about a specific mode of conduct or end-state of existence. He argues that human

36 Rokeach, Milton (1973). *The Nature of Human Values*. New York: The Free Press. p. 5.

37 Schwartz, Shalom (1992). p. 1.

38 For one's own self and for others which brings positive consequences and which will be appreciated by others and be loved. Actions and ends that will be loved are going to be desirable. This does not contain any idea about negative or avoidable actions which contradicts common expectations. Therefore values are always positive by their very nature. Something is valuable, something has a reason to be valued not only for one's own self but for others also. This valuable thing is always of a higher-order or desirable for people.

behavior is always resulted at least by two types of attitude toward the object and the situation – weighted according to their relative importance.³⁹ Values are abstract principles to which action is to conform; concepts of purposes or ends to be realized in determining courses of action.⁴⁰ Individuals hold certain abstract, morally and socially imbued conceptions of the desirable which renders individual behavior ‘meaningful’, ‘comprehensible’, even predictable.⁴¹

Values and attitudes. “values a subset of attitudes with a special emphasis on the concept of importance”.⁴² Attitudes and behavior are guided not by the priority given to a single value but by tradeoffs among competing values that are implicated simultaneously in a behavior or attitude. Values play a major role as guiding principles only in case if there is value conflict and if there is a need to choice from several options. This means in everyday routine the role of values will be very little. Instead, habitual, scripted responses may suffice.⁴³

Values and norms. Values with a moral focus are more related to/typical of “oughtness” (what one ought to do). ‘Oughtness’ involves obligations in the way one behaves toward others – obligations that are rooted in the demands that society places upon individuals. Rokeach defines three ways in which values differ from social norms. Values refer to a mode of behavior or end-state of existence whereas a social norm refers only to a mode of behavior. A value transcends specific situations; in contrast, a social norm is a prescription or proscription to behave in a specific way in a particular cases. Value is more internal and personal, whereas a norm is consensual and external to the person. Social values may be viewed as internalized normative beliefs; once established, they may act as built-in normative guides to behavior, independent of the effect of rewards and punishments as the consequences of actions. The shared values concerning modes of conduct and the norms accepted by

39 Rokeach, Milton (1968). p. 163–164.

40 van Deth, Jan and Scarbrough, Elinor (1995). The impact of values. Beliefs in government. Oxford University Press. Vol. 4. p. 30–31.

41 Ibid. p. 41.

42 Guttman, Louis (1982). “What is not what in theory construction”. In Elizur, D. et al. (1991). The Structure of Work Values: A Cross Cultural Comparison. Journal of Organizational Behavior, Vol. 12, (1) p. 22.

43 Schwartz, Shalom (1996). “Value Priorities and Behavior: Applying a theory of Integrated Value Systems”, The psychology of values: The Ontario Symposium Volume 8, edited by Seligman, Clive; Olson, James M.; Zanna, Mark P. and Erlbaum, Lawrence Associates, Inc. p. 2.

members both cause uniformity in behavior. Norms are more specific and explicit behavioral expectations whereas values are broader.⁴⁴

2.4.2 Two-dimensional theory of values

Values are concepts or beliefs pertaining to desirable end states or behaviors, transcending specific situations, guiding selection or evaluation of behavior and events, and are ordered by relative importance.⁴⁵ The primary content aspect of value is the type of goal or motivational concern that it expresses. Schwartz puts 56 single values into 10 motivational types of values and thus develops his two-dimensional theory of value (VT). The hypothesized structure of the value domain reflects the relations of conflict or congruity among the motivations underlying the 10 values (Table 1). Values with congruent motivational goals should relate positively. Values with motivational goals that are incongruent should relate negatively or at least not positively. Schwartz postulated that the following values are congruent:

Power and achievement – both emphasize social superiority and esteem;
Achievement and hedonism – both are concerned with self-indulgence;
Hedonism and stimulation – both entail a desire for affectively pleasant arousal;

Stimulation and self-direction – both are concerned with mastery and openness to change;

Self-direction and universalism – both express reliance on one's own judgment and comfort with the diversity of existence;

Universalism and benevolence – both are concerned with enhancement of others and transcendence of selfish interests;

Tradition and conformity – both stress self-restraint and submission;

Conformity and security – both emphasize protection of order and harmony in relations;

Security and power – both stress avoiding or overcoming the threat of uncertainties by controlling relationships and resources.

44 Wiener, Yoash (1988). "Forms of value systems: A focus on organisational effectiveness and cultural change and maintenance." *The Academy of Management Review*, Vol. 13, (4). p. 535.

45 Schwartz, Shalom (1992). p. 2.

Self-direction: the defining goal of this value type is independent thought and action. Self-direction was derived from organismic needs for control and mastery, interactional requirements of autonomy and independence. The self-direction type includes freedom, creativity, independence, choosing one's own goals, curiosity and self-respect.

Stimulation: the motivational goals of stimulation values are excitement, novelty and challenge in life (a varied life, an exciting life, daringness).

Hedonism: the motivational goal is pleasure or sensuous gratification for oneself. This value type derives from organismic needs and the pleasure associated with satisfying them.

Achievement: the defining goal of this value type is personal success through demonstrating competence according to social standards, thereby obtaining social approval.

Power: the goals of this value type are an attainment of social status and prestige, and control or dominance over people and resources (authority, wealth, social power, preserving one's public image).

Security: the motivational goals of this value type are safety, harmony, and stability of society, of relationships, and of self (social order, family security, national security, sense of belonging, reciprocation of favors).

Conformity: the goal of this type is restraint of actions, inclinations, and impulses likely to upset or harm others and violate social expectations or norms (obedience, self-discipline, politeness, honoring parents and elders).

Tradition: the motivational goals of tradition values are respect, commitment, and acceptance of the customs and ideas that one's culture or religion impose on the individual (respect for tradition, humbleness, devotion, accepting one's lot in life, moderation).

Benevolence: the goal of these values is preservation and enhancement of the welfare of people with whom one is in frequent personal contact (meaningful job, helpfulness, loyalty, forgiveness, honesty, responsibility, true friendship).

Universalism: the motivational goals of universalism are understanding, appreciation, tolerance and protection for the welfare of all people and for nature (equality, unity with nature, wisdom, social justice, broad-mindedness, world peace).

Table 1. 10 Types of motivational values

Source: Schwartz, Shalom (1992). "Universals in the content and structure of values: theoretical advances and empirical tests in 20 countries." In *Advances in Experimental social psychology*, edited by Zanna, M., Orlando, FL: Academic Press. Vol. 25 p. 1–65.

He further postulated that the following values are not congruent and may even conflict: (a) self-direction and stimulation versus conformity, tradition, and security; (b) universalism and benevolence versus achievement and power; and (c) hedonism versus conformity and tradition.

A two-dimensional, circular representation portrays these structural relations between values graphically (see Figure 2). Congruent values appear adjacent to one another in the circle, while competing values appear opposite one another. Self-transcendence values (benevolence and universalism) oppose self-enhancement (power and achievement) values, and openness to change values (self-direction, stimulation, and hedonism) oppose conservation values (tradition, conformity, and security). The person-focused values (self-direction, stimulation, hedonism, achievement, and power) oppose social-focused values (universalism, benevolence, tradition, conformity, and security). Self-expansion or growth values (self-direction, universalism, benevolence, stimulation, and hedonism) remain opposite to self-protection values (security, power, achievement, conformity, and tradition).⁴⁶

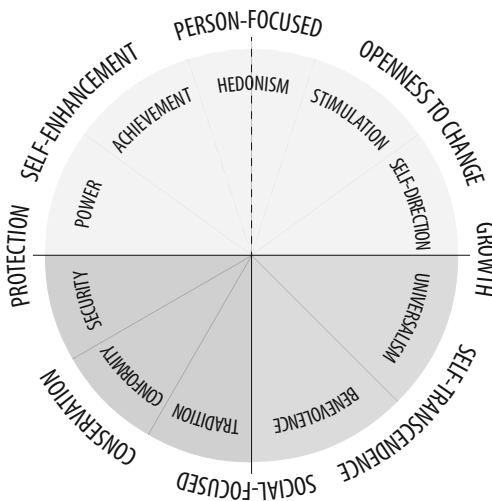


Figure 2. Two-dimensional value model

Source: Schwartz, Shalom. (1992). "Universals in the content and structure of values: theoretical advances and empirical tests in 20 countries." In *Advances in Experimental social psychology*, edited by Zanna, M., Orlando, FL: Academic Press. Vol. 25. p. 1–65.

A basic assumption of the value theory is that the value domain can best be conceptualized as a motivational continuum in which there is a gradual shift in meaning as one moves from one value to those adjacent to it.

Values are products of ecological and institutional conditions as well as individual experiences. Mongolian society is rich with its contrasting mixtures. These are nomadic and urban lifestyles, Western and Eastern cultures, former communist ideology and market economy concepts, traditional Buddhism and Shamanism religions along with other religions, autocratic administrative practices and democratic participative management reform, traditional hierarchical customs and neo-liberal attitudes. All these macro-scale cultural factors with their specific social relations as well as preferences shape the values of public employees affecting their work relations.

Some scholars dispute that in developed societies people experience a conflict between protection and growth values very often. The nature of their job demands creativity and initiation, and their family socialization and education makes people give a preference to growth values. On the contrary, in developing societies socio-economic conditions and unmet survival needs of individuals discourage the pursuit of growth values. Hence, people in developing societies are likely to experience fewer everyday choices between protection and growth values.⁴⁷ However true this may be, due to socioeconomic changes in Mongolia people might very often face choices between growth and protection values. The political regime reform alongside economic liberalization and an increased opportunity to be responsible for one's own life may foster growth values in their lives.

Hypothesis 5: The values of public organization employees' have been influenced by the contemporary social as well as organizational socio-cultural contexts.

Hypothesis 6: Rooted in the national tradition and conditioned by the nature of public service to serve the people, the motivational pro-social as well as self-transcendent values are predominate among the work values of Mongolian public employees.

Hypothesis 7: Due to increased democratic changes in Mongolian society, the motivational growth values aligned with personal success and social approval as well as protection values linked to safety, harmony and stability are also highly emphasized among public employees.

2.5 Leading change processes in the public sector

Organizations are never static and changes always occur. Changes, especially aimed at restructuring the status quo and transforming an organization's archetype, cannot occur without leadership. Leadership's ability to provide a clear understanding of the new targeted destination and to elucidate the path to the destination is one of the key enabling factors of radical change.⁴⁸

There is a wide range of definitions of leadership, but without consensus. Semantic interpretation of the term 'leadership' varies depending upon the situation in which it is used. In the case of Mongolia, in political science or in political life common usage for the term 'leadership' is *hoshuulchlal*, or 'being in front of the masses'. It indicates a social expectation of political leaders to be always in front of the masses, to be a guiding compass for further development. On the other hand, in management science or in the administrative practices of leadership a different term is used: *manlailal*, which means being an ideal for others by his or her excellence, it does not indicate a meaning of being in front. Thus these two share the common idea of leading as well as slightly different meanings.

2.5.1 Defining leadership and its approaches

The term 'leadership' has been said to be one of the most complicated ones because it is studied broadly from different perspectives in several distinct disciplines. But the current study uses the definition of organizational leadership which was developed for the GLOBE study.

Leadership is the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organizations of which they are members.⁴⁹

In general, a wide range of ideas has been reflected in definitions of leadership. Leadership has been defined as a set of personality traits focusing on distinguishing leaders' qualities from non-leaders or followers, as a behavior of leaders focusing on patterns or styles of leadership, and the relationship between leadership style and subordinate

48 Greenwood, Royston and Hinings, C. R. (1996). "Understanding radical organizational change: Bringing together the old and the new institutionalism." *Academy of Management Review* Vol. 21 (4) p. 1037.

49 House, Robert J. et al. eds. (2004). *Culture, Leadership, and Organizations: The Globe Study of 62 societies*. Sage Publications. p. 56.

satisfaction, as a fit between behavioral styles of leaders and the social settings they are in, arguing that no single “best” leadership style exists because each situation varies by its formal or informal environments.

The commonalities in leadership definitions are the following: a process of influence on what subordinates of the group think as well as do, a group context in which the interaction between leader and follower takes place, then a goal that the group faces to accomplish through its effort and that directs and unifies the behavior of group members.⁵⁰ The last but not the least common idea involves the issue of power. A leader’s source of power comes not only from formal but also from informal sources of power, thereby “the formal position of power is not equivalent to leadership”.⁵¹ An idea of leaders’ influence upon subordinates has been taken over by the idea of leaders as visionaries.

In the 1980s new ideas emerged in leadership definitions. Charismatic leaders determined an organizations’ reality through clearly defined visions, missions and values, transformative leadership that transforms followers’ attitudes and beliefs towards an achievement of a vision, and the idea of institutional leadership. Thus there is a shift in leadership thinking towards leadership “as managers of meaning rather than a process of influence”.⁵²

Especially in line with a rapidly changing environment, at the present time leadership is being viewed as a core element for making an organization adaptable to changes. Thereby it has been asserted as a process of creating, maintaining or changing cultures, as a transformation of organizations’ culture in order to create a favorable context for further radical changes, and as a reframing of organization members’ way of thinking about organizational aspects.⁵³

Twenty-first century leadership is likely to be characterized by the management of an informal organization in an environment of uncertainty and constant change. The emphasis is on the need to identify some kind of dissatisfaction with the status quo, formulate a vision for the group to reach a better adjustment to the environment, create trust and emotional appeal in the leader as a person, create informal

50 Parry, Ken W. and Bryman, Alan (2006). Leadership in Organizations. In: SAGE Handbook of Organization Studies, ed. by Clegg, Stewart R. et al. London: Sage Publications. p. 447.

51 Arvonen, Jouko (2005). Change, Production and Employees: an integrated model of leadership. Department of Psychology. Stockholm: Stockholm University Press. p. 2.

52 Ibid. p. 3.

53 Parry, Ken W. and Bryman, Alan (2006). p. 457.

organizations with a high degree of empowerment, and create shared values.⁵⁴ Thus this new way of leading is studied and researched through many different theories, namely, transformational leadership theory, charismatic leadership theory, institutional leadership theory and visionary leadership theory. However, the idea of the institutional leadership theory emerged some dozens of years ago; its concept fully incorporates the new leadership approach.

2.5.2 Distributed and institutionalized leadership

Keynote features of distributed leadership theories include stimulating followers to become leaders or “leading others to lead themselves”, developing the capacity of subordinates thus to prepare them to be leaders, and liberating followers so as to enable them to realize their potential.⁵⁵ These ideas have been closely incorporated into institutional leadership theories.

The concept of institutional leadership emphasizes some distinctive from each other essential aspects of organization leadership capability. First, it defines collective ability of leadership, which enables organizations to mobilize potential of its members and respond to changing external environment quickly in order to strive for the primary goals of the organization.⁵⁶ Second, institutionalizing leadership is the idea not to make an organization dependent on a single charismatic leader.⁵⁷ The next idea is of an institution unifying everyone into a collective under an organization’s vision and mission and culture yet enabling everyone to be a leader in their work.

Leadership can rather be an *institutional capacity*, a strategic asset which may be measured by the institution’s so-called leadership quotient (LQ). It can be developed, nurtured and increased through appropriately directed efforts. In high-LQ organizations, many people act more like owners and entrepreneurs than employees and hired hands. They assume ownership-like responsibility for financial performance and risk management, and they take initiative to solve problems and,

54 Arvonen, Jouko (2005). p. 3.

55 Parry, Ken W. and Bryman, Alan (2006). p: 454.

56 Kivipõld, Kurmet and Vadi, Maaja (2004). “A Tool for Measuring Institutional Leadership and Its Implementation for the Evaluation of Organizational Leadership Capability”. *Journal of Economic Literature Classification Numbers: M 10*.

57 Pasternack, Bruce A.; Williams, Thomas D. and Anderson, Paul F. (2001). “Beyond the Cult of the CEO: Building Institutional Leadership”. *Strategy & Business*, Vol. 22. p. 70.

in general, act with a sense of urgency. The main principles of the leadership quotient (LQ) are alignment and adaptability. Alignment has come to mean that behavior throughout an organization is directed toward the achievement of shared goals and values, but the nature of the alignment is crucial because an organization would benefit only from an alignment concerning positive forces rather than negative forces.⁵⁸ Adaptability of an organization refers to an organization's ability to detect and cope with external and internal environmental changes. Transformational adaptability with revolutionary reinvention is preferable in today's rapidly changing world instead of an incremental adaptability, which refers to constant improvement.

2.5.3 Institutional leadership by Selznick

Selznick distinguishes institutions from organizations. An organization is a formal system of rules and objectives with tasks, powers and procedures regarding their main activities. It refers to an expendable tool, a rational instrument engineered to do a job. "An institution is more nearly a natural product of social needs and pressures – a responsive, adaptive organism".⁵⁹ An institution is more human relation aspect. Any organization is a mixture of both designed and responsive behaviors.

Selznick defines institutional leadership as separate from interpersonal leadership. The interpersonal leader's main contribution is the efficiency of the enterprise. His/her task is "to smooth the path of human interactions, ease communication, evoke personal devotion, and allay anxiety".⁶⁰ The institutional leader's task is "the promotion and protection of values".⁶¹ The interpretation that follows takes this idea as a starting point, exploring its meaning and implications. As Selznick defines this task, it starts from the creation and maintenance of the organization's character.

Selznick suggests that leading an institution is far more than the capacity to mobilize personal support; it is more than the maintenance of equilibrium through the routine solution of everyday problems; it is the function of the leader-statesman – whether of a nation or a private

58 Pasternack, Bruce A.; Williams, Thomas D. and Anderson, Paul F. (2001). "Beyond the Cult of the CEO: Building Institutional Leadership". *Strategy & Business*, Vol. 22. p. 74.

59 Selznick, Philip. (1984). p. 25.

60 *Ibid.* p. 27.

61 *Ibid.* p. 28.

association – to define the ends of group existence, to design an enterprise distinctively adapted to these ends, and to see that the design becomes a living reality. These tasks are not routine; they call for continuous self-appraisal on the part of the leaders and they may require only a few critical decisions.

The relation of an organization to the external environment, being legitimized by outsiders, is an important concern – but the organization's internal aspect is the issue that should be considered first of all. To set up the effective formal organizational structure is not enough to ensure the long view of the existence of an organization. To build consensus in their organization, to keep the equilibrium throughout the organization, to balance employees' different interests and mobilize their energy toward the mission of organization are the main tasks of institutional leadership.

2.6 Change processes

In general, organizations confront two kinds of changes. First, incremental change⁶² is featured by organizational adaptability or flexibility in response to exogenous and endogenous environmental demands, covering usually a single direction. Second, radical change⁶³ refers to a fundamental transformation of an organization in multiple directions, moving from one organizational archetype to another one and/or altering its frames.⁶⁴

The public sector reform process in Mongolia goes beneath organizational adaptability to new political, functional and social pressures and involves the restructuring and reforming of fundamental values and of its operation. These reform processes are more radical than incremental. Thereby the neo-institutional change model is used to explain changes in the public sector. The model provides insights into a dynamics of change that is closely linked with endogenous and exogenous contexts of organizations. However, as Greenwood and Hinings claim that neo-institutional theory is weak in analyzing the internal dynamics of organizational

62 The changes featured by the adaptive nature referred to as 'incremental', 'static' or 'evolutionary' changes.

63 The changes referred to as 'radical', 'dynamic' or 'revolutionary' changes characterized by their fundamental changes.

64 Greenwood, Royston and Hinings, C.R. (2000). *Radical Organizational Change*. In: *The SAGE Handbook of Organizational Studies*. London. SAGE Publications. p.814.

change,⁶⁵ this model is useful for giving an explanation of how changes occur and how organizations accommodate new solutions within its structure.

According to the neo-institutional approach, organizational changes start with selecting a choice-set suitable to the institutional context. Then the process of change begins, which occurs in a sequence such as the following: precipitation of jolts, deinstitutionalization, pre-institutionalization, theorization, diffusion and institutionalization (see Figure 3).

Deinstitutionalization. Factors from inside and outside of an organization destabilize established practices. Functional, political and social pressures both within and beyond the organization challenge the existing institutions. In addition to these, entropy, organizational tension against change, as well as internal inertial pressure to maintain the organization's status quo also contribute to deinstitutionalization.⁶⁶ For example, the weak performance by government organizations in providing sufficient services to its clients is perceived as a problem to be solved through changing its institutional norms and practices. Shifts in political interests and political power as well as economic fundamental reforms such as nationalization, privatization or liberalization, social demands and increased competition all are challenges to an organization's stability from outside.⁶⁷ Thus these five factors together require altering routinized relationships and habituated shared meanings and stabilized practices. Inconsistent values and beliefs, emergence of new actors and new players with new radical ideas also trigger deinstitutionalization.⁶⁸

Pre-Institutionalization. Pressures or perceived problems are reflected on, specified and responded to. Organizations usually tend to solve problems through an independent innovation or through an adoption of the best experiences of other organizations. The adequateness of a solution to formal and informal institutional environments of an organization is the main concern here. However, the possibility of innovating

65 Greenwood, Royston and Hinings, C. R. (1996). "Understanding radical organizational change: bringing together the old and the new institutionalism." *Academy of Management Review*. Vol. 21 (4). p. 1023.

66 Oliver, Christine (1992). "The antecedents of deinstitutionalization". *Organization Studies*. Vol. 13. p. 566.

67 Dacin, M.T.; Goodstein, J. and Scott, W.R. (2002). "Institutional theory and institutional change: Introduction to the special research forum". *Academy of Management Journal*. Vol. 45.(1). p. 46-47.

68 Greenwood, Royston, Suddaby, R. and Hinings, C. R. (2002). "Theorizing change: The role of professional associations in the transformation of institutionalized fields." *Academy of Management Journal*, Vol. 45.(1). p. 58.

change or imitating others differs in terms of an organization's status within the field and in terms of leeway for personal and group interactions within an organization. Peripheral and central organizations due to their status in the field differ in terms of the possibility of change. Central organizations are less likely to innovate than peripheral organizations due to their centeredness in social relations, their strong ties with other organizations within and outside of a field.⁶⁹ According to Institutional Leadership theory the more precise an organization's goals, and the more specialized and technical its operations, then less opportunity will there be for social forces to affect its development.

Moreover, independently innovating a new structure or imitating others' experiences will depend on the degree to which the change solves the problem and how employees see its results.⁷⁰ In this regard, pre-institutionalization very much relates to accepted and habituated actions by employees. Habitualization means "the development of patterned problem-solving behaviors and the association of such behaviors with particular stimuli".

69 Greenwood, Royston and Hinings, C.R. (1996). p. 829.

70 Tolbert, P.S. and Zucker, L.G. (1983). "Institutional sources of change in the formal structure of organizations: Diffusion of civil service reform." *Administrative Science Quarterly*, Vol. 28. p. 26.

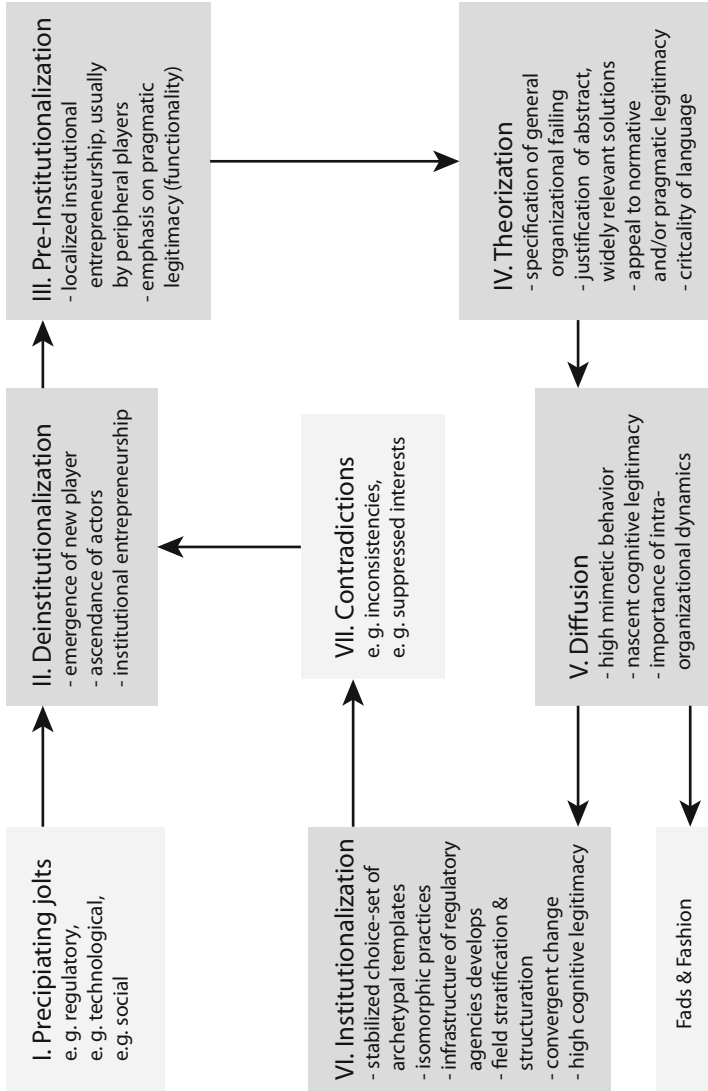


Figure 3. A neo-institutional model of change
Source: Based upon Tolbert and Zucker 1996; Greenwood et. al. 2002

Then the shared social meanings attached to these habituated behaviors understood as an appropriate way to solve specific problems need to become solidified.⁷¹

Theorization. In order to make the new practices widely accepted and adopted there is a need for a thorough elaboration of new practices and their outcomes. Theorization is an explanation of the chain of cause and effect, therefore it firstly specifies the problem to which the solution is addressed, then it gives justification for the selected solution.⁷² In order to gain legitimacy, alternative versions compete for acceptance and preference. The diverse interests of groups struggling for advantages, competitive value commitments, power dependencies and the capacity for action play a key role. This is the process by which new solutions start to gain legitimacy and be renegotiated. Consensus of meaning takes place among members of an organization based on cognitive factors.

Diffusion. After successful theorization comes a diffusion process. When new elements are understood and acknowledged as the most adequate solution to the problems, organizations incorporate them into their formal structure. By doing so, an organization demonstrates itself as acting toward collectively valued purposes in a proper and adequate manner. Thereby organizations strengthen their legitimacy.⁷³

C. Oliver explains how organizations act in response to the pressures of theorizing new practices. Five types of strategic responses ranging from passive conformity to active resistance are defined: acquiescence (habit, imitation, compliance), compromise (balance, pacification, bargain), avoidance (concealment, buffering, escape), defiance (dismissal, challenge, attack), and manipulation (co-opt, influence, control).⁷⁴ The way an organization responds to institutional pressure depends on its power dependencies. If it is obliged to introduce certain new elements into the structure through legal mandate from higher level organizations, then dependent organizations generally respond rapidly by compromising or acquiescing. Nevertheless, legal enforcement does not always ensure successful diffusion or adaptation. Interests of groups and values of employees also exert pressure for change. A lack of consensus

71 Tolbert, P.S. and Zucker, L.G. (1996). Institutionalization of institutional theory. In *The handbook of Organization Studies*. Clegg, S.; Hardy, C. and Nord, W. eds., Thousand Oaks, CA: SAGE Publications. p. 180–181.

72 Ibid. p. 183.

73 Tolbert, P.S. and Zucker, L.G. (1983). p. 26.

74 Oliver, Christine (1991). "Strategic responses to institutional processes". *Academy of Management Review*, Vol. 16. p. 151.

on the value of reform, or inconsistency between the values of change and an existing mindset do result in resistances.⁷⁵

As Greenwood and Hinings claim, “capacity for action” and power support are the key factors for successful fundamental changes.⁷⁶ Dominant groups support change if they recognize the weaknesses of existing arrangements and are aware of the advantages of potential alternatives. Capacity for action means being able to manage the paradigm shift, having a sufficient comprehension of the new conceptual target or where to go and how to be changed, and having the skills and competencies required to function in that new environment.

Institutionalization. Institutions are the rules and shared meanings that define social relationships, determine who occupies what position in those relationships, and guide interaction by giving actors cognitive frames or sets of meanings to interpret the behavior of others.⁷⁷ Thus they also give shape to interactions between external partners and internal members, which is maintained by the shared systems of meaning.

Maturity or institutionalization means stability, routinized interaction between participants and increased stratification among members differentiated by their reputation and influence. Components of formal structure become widely accepted as both appropriate and necessary, and serve to legitimate organizations.⁷⁸

Hypothesis 8: The reform ideas supposed to be adapted in public sector management of Mongolia are confronted by inconsistency with the existing culture. This limits the possibilities of reforming the public sector of Mongolia.

Hypothesis 9: The leaders with an institutional view are the agents of change for transforming the public sector of Mongolia and are introducing new elements into its practices.

75 Reger, K.R. et al. (1996). “Greating Earthquakes to Change Organizational Mindsets (and Executive Commentary)”. The Academy of Management Executive. Vol. 8. p. 34.

76 Greenwood, Royston and Hinings, C.R. (1996). p. 1037.

77 Fligstein, Neil (2008). “Fields, power, and social skill: A critical analysis of the new institutionalisms.” International Public Management Review. Vol. 9 (1). p. 229. Accessed at <http://www.ipmr.net>.

78 Tolbert, P.S. and Zucker, L.G. (1983). p. 27.

2.7 Summary and conclusion

The structuration theory assumes that any organization and individual can become a creation as well as a creator of a particular social structure.

1. The social structure with its formal institutional instruments restricts individuals' actions. By sanctioning or rewarding, it enforces socially accepted rules and norms. On the other hand, the structure with its resources gives individuals the possibility to act. Accordingly, all members are expected to comply with societal norms, unless the action is accepted and legitimized by the structure. Thus public officials' behavior and public organizations' structure, processes and ideologies as well as leaders' behavior usually reflect the institutional environment in which they work.
2. According to cultural theory there are only four types of ways of life, cultural types or institutional types. These are hierarchical, fatalist, egalitarian and individualist ways of life. These types coexist in any structure, only their dominance or scope of influence differs depending on the situation. These four types of culture each have their own clearly distinguished cultural biases as well as social relations. Consistency of cultural biases within a social relation enables a particular way of life to be viable. The grid and group dimensions define four social patterns of culture or cultural types. These are "individualism", demonstrating a low level of involvement and a negative attitude towards restrictions on freedom of choice, "fatalism", favoring clearly defined instructions and regulations, "hierarchy", characterized by strong group boundaries and binding prescriptions, and "egalitarianism" culture, emphasizing equality and collectivity of members.
3. As products of ecological and institutional conditions as well as individual experiences, values guide the behavior of individuals. Shalom Schwartz defines ten motivational types of values, namely, self-direction, stimulation, hedonism, achievement, power, security, conformity, tradition, benevolence and universalism. These values are relatively durable internalized beliefs and ordered by relative importance. The values accommodating to the dominant types of culture may be assumed to be more important.

The next important assumption of the structuration theory is that the “knowledgeable” agent is the fundamental element in creating any sort of change. Individuals reflect and rationalize their day-to-day activities. Consciously or unconsciously, people contribute in reproducing the structure by pursuing the rules and norms. Sometimes they intentionally or unintentionally start to ignore the routines, rules and norms and try to replace them. As a result, a particular structure faces changes.

4. Selznick in his institutional leadership theory suggests that leading an institution is far more than the maintenance of everyday routine; it is the function to define clearly the purpose for which the institution exists, to design the organization and the process for fulfilling its purpose efficiently, and to make the critical decision a living reality. Thus leaders should be able not only to maintain the structure but also to create changes in existing structures if necessary.
5. In changing the environment, the institutional leader would play a major role in finding an adequate solution with a long term view. Especially when organizations face radical changes that are needed to alter the status quo, deinstitutionalize habituated institutions and then legitimize and institutionalize the new solutions, the leader will mobilize all resources in order to transform the organization from the current state to a more advanced one.

3 Research design

3.1 Introduction

The primary objective of this research work is to find a way to integrate public service values newly imposed by law into day-to-day practices of public sector organizations, where leaders must act not only as agents of change. Leaders should also create a favorable environment for institutional leadership in their organizations. In order to achieve set objectives, there is inevitably a need for investigation into the environment within which managers of public organizations perform their official duties. Firstly, the current research studies the institutional environment of public sector organizations; secondly, it attempts to identify the cultural context predominating within public organizations, and thirdly, it investigates public servants' individual motivational values as a guiding principal in their work. The well-designed and broadly used survey instrument for defining public servants' values and public sector organizations' cultural types draws on the theoretical bases of cultural theory and the two-dimensional value theory discussed in the previous chapter.

In order to ensure the reliability and validity of the research results, the study is designed to combine qualitative and quantitative methods. It utilizes the documentary method with the survey instrument. In other words, ideas generated by one of these two methods should be supplemented by the other. It involves public employees from central and local levels of public administration as well as from the provinces of western, northern, eastern and southern parts of Mongolia, in order to enhance its representativeness. Thus, this chapter introduces the research methods, the organization of empirical research, and the sample characteristics.

3.2 Qualitative studies

Unlike most prior research works, this study focuses only on the public sector. More precisely, it focuses on local and central administrative organizations as well as higher education organizations. The institutional environment, especially formal constraints, which consists of laws, regulations, acts, rules and policies and their enforcement enables and also prohibits certain activities of public sector organizations. Thus, an understanding of the institutional environment requires a documentary research method.

3.2.1 Documentary study

This method is used for analyzing historical documents on the statehood tradition of Mongols, legal and policy documents on public sector management and civil service. In particular, it focuses upon policy documents regarding the changes of the structural and operational systems of government during the democratic transition period. From these insights, the current research outlines a detailed overview of how the general concepts of the reform process have changed over the last twenty years. Also based on these findings, it develops hypotheses for the next steps of the research study.

For this purpose, a range of documents is used. These include the Law on Government Service, the Law of Public Sector Management Finance, budget laws, acts of parliament, government resolutions, policy papers with statistical information from census reports and statistical bulletins from the Civil Service Council. Beyond that, international consultancy reports, projects implemented by international organizations in Mongolia such as the World Bank, Asian Development Bank, UNDP, project reports, strategic plans and their implementation reports pertaining to public sector reform are broadly used, because reform policies, implementation and results are quite well documented in these reports.

Of course, this also includes foreign and Mongolian research papers, journals and publications by scientific organizations as well as the materials from two national sessions held in April and June of 2011 in Ulaanbaatar on the evaluation of public administration and civil service reform in Mongolia.

3.3 Quantitative studies

3.3.1 The survey instrument

Designing the questionnaire

The questionnaire was developed utilizing the Sphinx Lexica-V5 program. It contains three parts: 1) background questions about the characteristics of the respondents, 2) Schwartz's Value Survey (SVS), and 3) questions about the types of organizational culture.

The first part includes between 6 and 8 background questions that intend to screen respondents based on their age, gender, qualification, work experience in the public sector as well as in their current position. The questionnaire for support service employees has 6 questions. An additional two questions concerning classification and grade are included in the questionnaire for administrative employees.

The second part of the questionnaire for measuring and defining values of public servants selected the Schwartz value Survey (SVS) instrument. The SVS seemed to be more appropriate here for certain reasons, both conceptual and operational. First, the SVS assesses preferences among different values and provides a hierarchy of values within the same motivational types of values by rating all of them. Second, this model enables the identification of structural characteristics of the value domain in relation to the social structural context of culture. Third, it has been employed in many international business studies for a comparison of managerial values as well as for a comparative analysis of values in 38 countries.⁷⁹

With regard to work values, the original version of the survey was modified to some extent. This modification was intended to strengthen the relevance to public sector values or work values. Hence, from the initial 57 value items of the SVS, 6 values were excluded: healthy, clean, a spiritual life, detachment, mature love, and beauty. Also, the name of one item was changed slightly. "meaning in life" was renamed as "meaning in work". In this second part, 50 value items were written in 10 groups. Respondents indicated the importance of each of these individual valuable items such as "*my guiding belief in my work is ...*" according to a 7-point scale (5 = of extreme importance; 0 = not important; -1 = opposed to my values).

79

Schwartz, Schalom (2006). "Basic Human Values: Theory, Measurement, and Applications". *Revue française de sociologie*. Vol. 47 (4). p. 250.

The *third part* of the questionnaire is designed to estimate the existing proportions of the four cultural types within public sector organizations of Mongolia. This part is based upon the grid-group dimensions. This cultural theory is applicable to a much broader range of phenomena from individual persons as a set of roles to organizations as a set of parts and even to international systems as a set of states.⁸⁰ As Michael Thompson and Aaron Wildavsky claim, “individuals may adhere to different biases in different contexts, rather than carrying the same cultural biases permanently, which means cultural biases can only be audited for a particular context at a particular moment.”⁸¹ Thus, the aggregated answers of individuals obtained in the survey process are conceived as an evaluation of contemporary culture within the public sector of Mongolia. As long as the answers only demonstrate how individuals view the behavioral strategy, social relation and the culture within their work environment, the answers do not reveal the number of individuals affiliated with a certain type of culture in a pronounced way. This part composes 12 questions with a clear description of four types of culture given as possible answers. This part of the questionnaire includes 3 questions with 4 possible answers for each question. The questions are as follows: “*The culture of your organization is identical to...*”, “*Social relations in your organization are like the following*”, “*The behavioral strategy used in common is ...*”. Respondents express their view by means of a 4-point scale (3 = very much identical, 0 = not identical, -1 = opposed to the reality) of the organizational culture where they work. For the convenience of respondents, the survey guaranteed anonymity. The survey was developed in two languages, English and Mongolian (see Annex 2). To ensure an equivalence of the meaning of values or that the value terminologies were uniform and consistent for respondents, the Mongolian version was created using the back-translation method. The translated terminologies were consulted with scholars, sociologists in Ulaanbaatar, in order to keep the original meanings of value terminologies defined by Schwartz and to express them through proper wording.

Pretesting

The survey was pretested at the Academy of Management, involving 25 students. Afterwards, the clarity of meaning and complexity of the questionnaire was discussed with those students. Findings from the pretest

80 Mamadouh, Virginie V. (1999). “Grid-group cultural theory: an introduction.” *Geo-Journal* Vol. 47. p.404.

81 Thompson, Michael et al. (1990). p.28.

indicated the need to redesign the third part. This part was then slightly changed. Some scholars even suggested writing short explanations for all terms. Nevertheless, in order to avoid increasing the length of the questionnaire and to not detract respondents' attention from the main task, this idea was not possible to implement. Most importantly, the terms were clearly understandable and only "hedonism" remained untranslated. Since it is just the name of one of the types of values, it does not affect any answer.

Preparing and distributing the questionnaire

The survey was conducted in two phases. The initial data were gathered in September and October of 2010 only in Ulaanbaatar city. In total, 600 surveys were printed and delivered to 10 organizations. They were 2 central government organizations, 6 universities and 2 higher education institutions. During the first phase 445 respondents answered the questionnaire.

The survey organization was not easy at the beginning. Since the questionnaire was of a highly personal nature, some people preferred not to participate. Respondents in two organizations expressed their value priorities less accurately, and many questions were left unanswered. This was possibly due to their lack of experience in numerical rating scales or maybe due to a negative attitude towards surveys.

Therefore, to ensure the quality of responses in the data collection process, and also to enlarge the sample size, the snowball technique was used. The snowball technique seemed a useful tool for conducting this type of fieldwork, because it is considered an appropriate method. At first, the research purpose was introduced to rectors and directors of universities, then after that one of the administrators was assigned to organize the survey within their organization. The next phase was organized seven months later, in May 2011. This time respondents from 8 different *aimags* or provinces from 4 parts of Mongolia took part in the survey. 600 questionnaires were prepared in total and delivered to 8 *aimags*. About 440 completed questionnaires were collected. The second part was organized by the Civil Service Council of Mongolia. The official letter informing of the purpose of the research was sent to each province before organizing the survey. In that letter was written the request to involve public servants from administrative service from different grades. The survey was conducted in the provinces by the branch councils of the Civil Service Council of Mongolia. Thus, the survey was organized with official permission and support of the respective authorities.

Analyzing data

For data analysis a series of statistical tests were performed using Sphinx Lexica-V5, SPSS 20 as well as Excel Windows programs. The mean analysis, correlations and factorial analysis methods were used to seek a comprehensive picture into the guiding beliefs of respondents, as well as the dominating cultural types within public organizations.

Selecting a sample

As mentioned earlier, the current research focuses on the public sector, especially on administrative and support services. It intends to involve more or less balanced samples from both services. To assess whether survey respondents were representative of the public employees working for administrative and education sectors of Mongolia, the sample characteristics compared those of all public employees of Mongolia as well as the total enumerated administrative and education employees (Table 2). The estimation is based on the main results from the 2007 civil service census of Mongolia.

	Total public employees	Survey respondents
Central administration employees	18.9%	7.8%
Capital city and districts	19.6%	
Local gov. employees	61.3%	49.3%
Education sector employees*	50.2%	42.8%
NOTE: *50.2% is the percentage of education sector employees within the total number of public employees. Estimates of central and local education sector employees were not available so no comparison was possible. The percentages of survey respondents may not total 100% due to rounding.		

Table 2. Sample representativeness

Local gov. organization	Local public employees	Survey respondents
Northern region		
Orkhon province	4.8 %	7.0 %
Bulgan province	4.5 %	5.9 %
Eastern region		
Dornod province	5.3 %	4.7 %
Dornogovi province	3.4 %	6.0 %
Southern region		
Dundgovi province	3.5 %	6.8 %
Umnugovi province	3.4 %	5.8 %
Western region		
Khovd province	5.3 %	6.6 %
Uvs province	5.4 %	6.3 %
NOTE: The percentages of survey respondents may not total 49.3 % due to rounding.		

Table 3. Local public employees represented in the survey

Of the 878 respondents who completed the survey, 7.8% were from central administration organizations, 49.3% were from local administration organizations and 42.8% were from education sector organizations. These proportions indicate that the large part of the responses were obtained from local administration as well as education sector organizations.

The proportion of respondents by geographic region is shown in Table 3. Of the 433 respondents from local administration organizations, 7% were from Orkhon province, 6.8% were from Dundgovi province, 6.6% were from Khovd province, and 6.3% were from Uvs province, which does not very closely resemble their proportion within the total number of local employees. The responses from those provinces are significantly more strongly represented.

3.4 Sample demographic data and sample representativeness

The demographic data that includes age, gender and qualification of the sample as well as organization's locations are presented in Table 4 below. The 878 survey respondents were representative of the total 116,124 public employees in terms of their age and gender. However, in terms of

education level, highly qualified respondents made up a disproportionate share of the survey respondents. In the sample, 50.06% of respondents had a Master's or Ph.D degree. No public employees with a low level of education completed the survey.

In sum, the current research design intends to arrange studies at three different levels: sector level, organizational level and individual level. It also introduces the research methods used in Chapters 5, 6 and 7. The mean analysis, factorial analysis and some other statistical tests are used to empirically demonstrate the general tendency of cultural types and employees' values in the public sector in Mongolia. The aggregate findings from these chapters will be discussed in Chapter 8.

	Total public employees	Survey respondents
Gender		
Male	32.5 %	42.8%
Female	67.5 %	57.17%
Age		
Under 25 yrs	10.26 %	7.97%
26–35 yrs	28.15 %	30.0%
36–45 yrs	32.93 %	25.6%
46–50 yrs	15.38 %	16.7%
51–55 yrs	8.61 %	11.5%
Above 56 yrs	4.64 %	8.0%
Qualification		
Uneducated	0.55 %	
Primary	0.92 %	
Incomplete secondary	6.33 %	
Complete secondary	17.53 %	
Spec. vocational	20.09 %	0.56 %
Higher education	15.17 %	18.6%
Bachelor	29.22 %	28.01 %
Master	8.8 %	28.7%
PhD	1.21 %	21.98%
Sc. Doc	0.13 %	2.05 %
NOTE: The percentages of survey respondents may not total 100 % due to rounding.		

Table 4. Demographic characteristics of the survey respondents

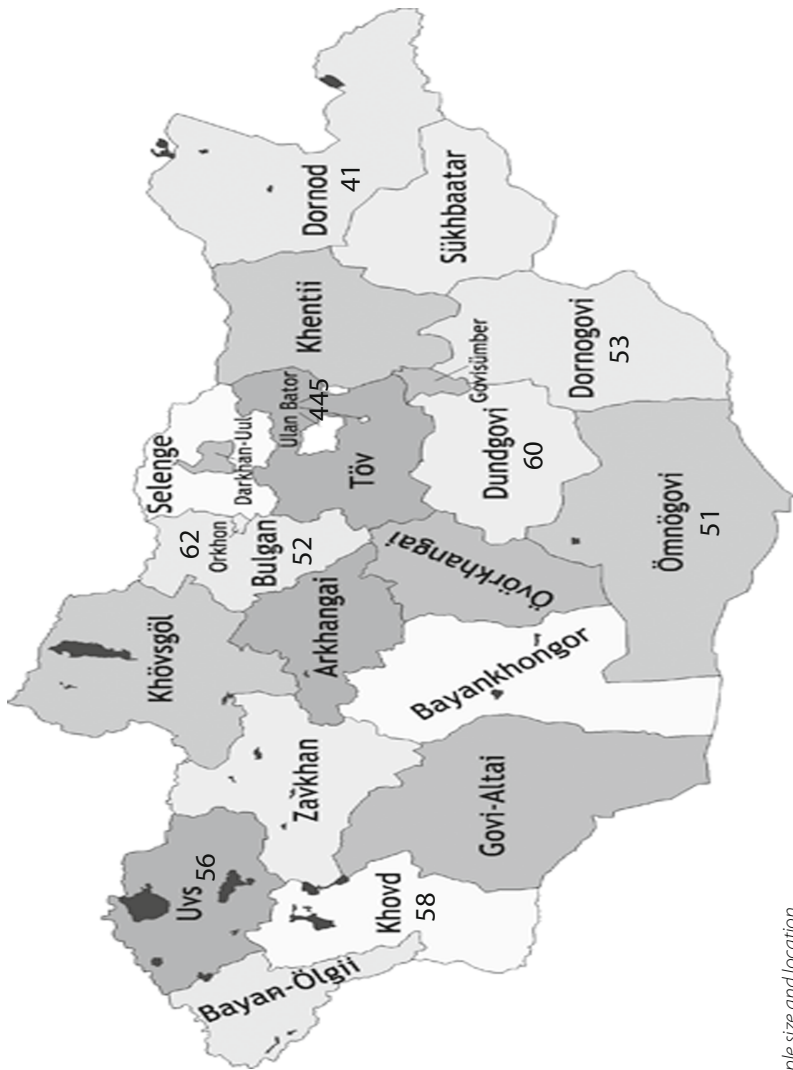


Figure 4. The sample size and location

4 Mongolian traditional legacy

4.1 Introduction

As Geert Hofstede asserted, each nation has its cultural heritage embedded in its societal values. These societal values develop into societal norms which in turn become a foundation for the organizational and intellectual structure of a particular culture.⁸² Through a shared mentality or common ethnic, religious and linguistic patterns embedded in the thoughts and actions of its members, each nation differentiates itself from others. A nomadic lifestyle encompassing an oral culture and a religious belief that worships the Eternal Blue Sky give shape to the Mongolian mentality.

The Mongols through their statehood history created their own traditional legacy that is incorporated into governing state affairs, rules and regulations, and policies and structures from the ancient past to the present. Insights into historical periodization of statehood legacy provide this research work with a valuable understanding of the background context for public governance in general. It elaborates the historic statehood tradition of the Mongols that takes its beginning from the emergence of the Khunnu Empire (209 BC–93AD), a powerful confederation of nomad tribes in Inner Asia. Following the Khunnu, the largest Mongol Empire (13th–14th centuries) enriched the governance tradition of the Mongols drawn on best experiences from the external world. The development covers a time period until the democratic transformation in Mongolia in 1990.

This chapter focuses thus on Mongolian national cultural heritage as well as on its statehood legacy affecting the institutional legitimacy of public sector organizations of Mongolia.

82 Hofstede, Geert (1991). *Cultures and organizations: software of the mind*. McGraw-Hill Book Company. p.6–7.

4.2 Background information

Mongolia is a large country in the Central Asian steppes covering 1,566,500 square km bordering on Russia to the North and on the People's Republic of China to the South, East and West. The Mongolian nation-state emerged at the beginning of the 13th century when in 1206 the Great Mongolian Empire was established under the rule of Chingis Khan. Since then the country has seen historic ups and downs until its 800th anniversary in 2006.

Mongolia has a population of 2.7 million and the present annual rate of population growth is estimated at 1.4 per cent. Two-thirds of the Mongolian population are under 30 years of age, and two-fifths of the population are 14 years or younger. The capital Ulaanbaatar, has approximately 1.1 million inhabitants. However, a significant portion of the population lives in 21 towns or aimag (provincial) centres, spread across a vast territory. Mongolia, since 1930s has become more urbanized. Nearly half the population lives in urban centers, including the capital, Ulaanbaatar. Semi-nomadic life still predominates in the countryside, but settled agricultural communities are becoming more common.

4.3 National culture and tradition

4.3.1 Historical legacy and traditions

The Mongols have a unified culture with the following specific characteristics. There is a literary language which enabled all the Mongol groups to communicate, there is a common pastoral mode of production with only slight regional differences and there is a unified ideology based upon Buddhist concepts.⁸³ The social organization of Mongolian society has been based upon clan customs, its inner very hierarchical relationships are prescribed strictly by customary law. Nevertheless, the contemporary culture of Mongols comprises a number of contrasting features. For example, urbanization in recent years is coupled with the tradition of a nomadic lifestyle. The nomadic life-style adequately matched with an oral culture is incorporated today into modern scientific knowledge and information technology progress.

Traditional way of life

From the ecological point of view, the continental climate is characterized by variations in temperature from -40°C in winter to $+35^{\circ}\text{C}$ in summer and fluctuating within a large range during the day, but also natural conditions consisting of diverse zones such as Taiga forest in the North Gobi Desert in the South, the High Altai Mountains in the West and steppe in the East shape the geography of the Mongolian nation. Pastoral livestock herding is the most common way of making a living for Mongols. Since ancient times Mongols live on raising their domestic animals which include sheep, horse, cow, camel, and goat. Until the 1930s, especially in the pre-revolutionary period, livestock herding was the only livelihood of nomad Mongols, therefore the fundamental means of production consisted of land⁸⁴ and cattle. At the present time about 40 percent of the population still lives this traditional way of life. Herders migrate at least twice a year in search of better pastures or to their winter, spring, summer or autumn camps.

However, the economy of nomads is always fragile and vulnerable to climate conditions. The need for survival in extreme climate conditions as well as a self-supporting migrating life make people in a nomad society relatively autonomous, self-reliant, assertive, cheerful or resilient and strong. As Uichol Kim writes, a nomadic life socializes its members to be field-independent.⁸⁵ Financially self-sustaining individuals become socially and emotionally independent from others and tend to give priority to personal goals over group goals, writes Triandis.⁸⁶ Nomads are more or less economically self-containing individuals emphasizing the values of freedom, self-determination, personal control and independence. This is conditioned by pastoral livestock herding, because it inevitably requires one not to stay in one place for long; it also

84 Since Mongolia's ancient history, the land, which is the indispensable resource for pastoral livestock, was formally available for common use. Khan attached a certain number of common people to the aristocracy but not a certain amount of land and land was available for all. Later in the period of Manchu rule land was considered the property of the population of the hoshun or aimag. Herders used to migrate within the territory of the hoshuun or aimag.

85 Uichol, Kim (1994). Individualism and collectivism: Conceptual clarification and elaboration. In Individualism and Collectivism theory, method, and applications (Cross-Cultural Research and Methodology series) edited by Uichol, Kim et al. Vol. 18. SAGE Publications. p. 19–20.

86 Triandis, Harry. (1994). "Theoretical and Methodological approaches to the Study of Collectivism and Individualism" in Individualism and collectivism: Conceptual clarification and elaboration, Individualism and Collectivism theory, method, and applications (Cross-Cultural Research and Methodology series). edited by Uichol, Kim et al. Vol. 18 SAGE Publications. p. 25.

limits the possibility to settle closer to others. The individual household makes decisions for everything on its own. Thus there is a very well known proverb *ezen hicheevel zaya hicheene*, “If you endeavour, fate will favour you”, which means that your life is in your hands and everyone is responsible for his/her own life.

Nevertheless, the life of a nomad certainly requires relatedness to other people. Mutual aid or reciprocation among the members of the clans is a very widespread phenomenon among the Mongols. In the “Secret History of the Mongols”⁸⁷ there is a passage which tells that under the reigns of Chingis Khan and his successors, there were occasions when help was offered from the State Fund to people in difficulties by providing them with a small number of cattle.⁸⁸ A very interesting piece of evidence for relatedness among Mongolians is reflected in the Great Yasa⁸⁹ in the 13th century:

If in battle, during an attack or a retreat, anyone lets fall a pack, or bow, or any luggage, the man behind him must alight and return the thing fallen to its owner, if he does not so alight and return the thing fallen, he is to be put to death. When a wayfarer passes by people eating, he must alight and eat with them without asking for permission, and they must not forbid him this.⁹⁰

The Yasa forbade eating in the presence of another without sharing one’s meal. At such a common meal one should not eat more than one’s comrades.⁹¹ Commonly, a tent in the countryside leaves its door opened welcoming sudden guests and offering anyone coming by to have tea and a meal without asking whether they want to or not. Sharing one’s own staff with others is also common everywhere in Mongolia even at the present time. An argument could be made that sharing and taking care of others probably has its roots from the ancestors’ rules and is still deeply embedded in the mentality of Mongolians.

87 The oldest surviving Mongolian-language literary work, which was written in thirteen-century.

88 This tradition is kept among Mongols. Also people who had few cattle or none at all got cattle from rich people for different periods of time under various conditions, such as *shime khereglehk* (“use the nourishment”) and *khuch khereglehk* (“employment of the strength”) – that is, with the right to consume the milk, or to use the animals for transport purposes when migrating. It was the same in the period of Manchu rule.

89 The Code of Laws used in 13th century Mongolia.

90 Vernadsky, George (1938). “The Scope and Contents of Chingis Khan’s Yasa”. *Harvard Journal of Asiatic Studies*, Vol. 3 (3) p. 335.

91 *Ibid.* p. 337.

The main social organization unit traditionally was the clan which is based upon kinship relationships with members of the same clan considered “Ours”. People who do not affiliate with a clan are considered “Others” and called “Non-kin” or *ailiin hun*, or *hari*.⁹² This kinship relation has further grown into localism and regionalism. Only people from the same *aimag* or *soum*, are considered local by distinguishing *nutag* homeland differences – a practice that is being taken advantage of nowadays. Several terms are employed to refer to different levels of localism: *aimagchlah*, *hoshuuchlah*, *jalgachlah*, translated as localism at province, banner, and trench or village level. All this is called *nugarhah uzel*.⁹³

In this system of relatedness, a power distance and a hierarchy of relation is clearly reflected. However, the scale of power distance used to be more customary than legitimate. Also, power distance was not very extensive. People believe that power should be concentrated in the hands of a few people capable of ensuring a secure life for their followers. However, it should be pointed out that in case of the inability of the leader to unify people’s efforts to overcome difficulty in their lives, to manage properly the common use of land or to protect them from struggles, followers would leave them and move to another more powerful leader.⁹⁴ Egalitarianism was in fact typical of the pastoral Mongols, argues Uradyn Bulag: “High culture was not monopolized by a few, but accessible to every man through the temple; meanwhile, everyone was familiar with pastoral production and the vast array of customs and rituals associated with it. Livestock herding was the sole livelihood of the nomads. Material provisions like food, clothing, tents, and utensils and transportation were shared by all Mongols, including nobles and high lamas. Mongol egalitarianism is an explicit expression of ‘Mongolness’, embedded in the centuries old patterns of pastoral production. Anyone could rise in the sanga. The relationship between ordinary people and nobles was limited to the performance of certain duties, and was such that ordinary people could become very rich, and prince could become a pauper if he did not handle his business properly. Economically, the vagaries of pastoralism allowed for such eventualities. Socially, this was possible in a situation where the traditional clan society had declined and been replaced by the universal efficacy of Buddhism, and where

92 Гонгор, Д. (1978). Халх товчоон. Улаанбаатар хот. p. 39.

93 Uradyn, E. Bulag (1993). Nationalism and Identity in Mongolia. Cambridge: University of Cambridge. p. 51.

94 Rogers, J. Daniel (2007). “The contingencies of state formation in Eastern Inner Asia.” Asian Perspectives, Vol. 46 (2). p. 263.

various Mongol groups had found a mode of coexistence which gradually eroded group differences”.⁹⁵

Religious background

Traditionally, the native religious practice of Mongolians is a Shamanism. Since prehistoric times it has survived in Mongolian culture. Now about four percent of Mongolians count themselves as shamanists. Shamanism encompasses beliefs in soul and spirit with the worship of the Eternal Heaven *Munkh Khukh Tenger*. Shamans or *boo* serve the community as healers and intermediaries between the material and spiritual worlds.⁹⁶ The next predominant religion is Buddhism. It was introduced in the 11th century in Mongolia, then in the 13th century accepted as the state religion. Today in Mongolia, 50 percent of the total population are Buddhist. Most of the others – some 40 percent – are atheist. Kazakhs, constituting approximately 4 percent of the population, are mostly Muslim. Finally, approximately 0.3 percent of the registered population of the city are Christians.

Traditionally, Mongolian families sent at least one son to a monastery to become a monk. As a result, the Buddhist religion and its ideology became easily diffused into the everyday life of Mongolians through its rituals, ceremonies, and symbolic objects. Therefore Buddhism was able to create a single dominant culture. This network created a strong and lasting union, guaranteeing cohesion and interdependence between the *sanga* and the people.⁹⁷ Buddhism thereby played the dominant role in the tradition of Mongolia.

According to Buddhist teaching, Mongolians believe that all human beings have the potential to gain enlightenment (or “Buddha nature”). Any human being is considered to be enlightened, therefore you should treat every living being respectfully. Any wrong-doing would cause suffering in the future. In the main teaching of Buddha, the “Noble Eight-fold Path” prescribes the ways of finding a release from suffering and how to achieve enlightenment.⁹⁸

95 Uradyn, E. Bulag (1993). p. 55.

96 Chimedsegee, Urantsatsral et al. (2009). “Mongolian Buddhists Protecting Nature”. In Handbook on Faiths, Environment and Development. Ulaanbaatar. p. 10. accessed at www.arcworld.org.

97 Uradyn, E. Bulag. (1993). p. 15.

98 Chimedsegee, Urantsatsral et al. (2009). p. 11.

The “Noble Eightfold Path” encompasses the following doctrines:

- wisdom (*through right view and right intention*),
- ethical conduct (*through right speech, right action and right living*)
- mental discipline (*through right effort, right mindfulness and right concentration*).

As Tseveen Tsetsenbileg writes, wisdom or an ability to see things as they really are would be meaningful only in case it is used for the benefit of people, to have good will for the benefit of others. Wisdom expressed through kindness, compassion, honesty and respect for others’ actions would be real wisdom with the right ethical code. All these things are possible if individuals are self-concentrated and thus well aware of what they want to say or do.⁹⁹

However, for nearly 70 years since 1928 when the anti-religious and collectivization policies started to separate religion from the state and eliminate economic inequalities within the religious structure, every religious practice was forbidden until the arrival of democracy in 1990. Educated by the atheist ideology, the Mongols then used to manage their daily life without any religious influence or guidance. In 1992, the constitution approved the people’s rights to freedom of religious practice. Consequently, religion became again overwhelmingly influential in the everyday life of Mongolians.

The Academy of Science of Mongolia conducted a survey in order to study the reasons of growth of religion among population. The result shows some interesting findings, which can be relevant to this study. Firstly, the renaissance of suppressed traditional culture and attachment of the people to their own traditions is the main reason (60.3%); secondly, the human being’s need to worship something (39.6); thirdly, social disruption causing people to seek favor from religion or from something from above (35.3); establishment of democracy, freedom, and pluralism enabled people to make choices in their belief system (25.9).¹⁰⁰

Thus the democratic revolution in 1990 was a release from tremendous political and ideological control and helped reawaken tradition and traditional religious beliefs.

99 Цэцэнбилэг, Цэвээний (2002). Проблемы модернизации Монгольского общества. Академия Наук Монголии Институт философии, социологии и права. Улаанбаатар. х. 35–37.

100 Даш-Ёндон, Б. (2010). Монголын нийгмийн оорчлолт. ШУ-ны Академи Философи, Социологи, Эрхийн хурээлэн. Улаанбаатар. х.133.

4.4 Mongolian statehood historic tradition

Archeological findings demonstrate that since prehistoric times nomads inhabiting the territory of Mongolia were forming great confederations that rose to prominence. The first is the Khunnu Empire¹⁰¹ (209 BC–93AD) which was followed by Syanbi Khaganate (AD 93–234), Nirun Khaganate (AD 330–555), Tureg Khaganate (AD 555–745), Khitans (AD 907–1125) and Khamag Mongol (1125–1206). Thus the beginning of a historic statehood tradition of Mongols goes as far back as prehistoric times.

The political center or central place of the governance of the Mongols is assumed to be located in the southeastern portion of the Khangai Mountains or the Orkhon Valley (see Figure 5). The ancient royal tradition to place the capital city and imperial palace in this area starts from the Khunnu Empire time until the Great Mongol State (*Ikh Mongol Uls*) under Chinggis Khan at the beginning of the thirteen century AD. The Mongols through their statehood history of rise and decline created their own traditional heritage with values that were embedded in the operation of state affairs as well as material legacies through central places, use of public symbols, rituals, languages, and through ways of administering. From prehistoric times the ideology for running state affairs under social power of strong divine leadership and legitimating centralized control as well as a military type of organization continued to exist throughout the statehood history of the Great Mongolian State (or *Khamag Mongol Uls*).¹⁰² Especially the elite hierarchy capable of incorporating independent or loosely affiliated groups with divergent interests together for a common purpose under centralized control,¹⁰³ the combination of social power with legitimate power,¹⁰⁴ and the political conventions or assemblies that brought leaders together¹⁰⁵ were essential for their success. The ideas of solidarity, loyalty and honesty were the main values among the Mongols.

101 In historical sources it is written differently. In sources from China it is named as Xiongnu and in other sources it is called Hun.

102 Rogers, J. Daniel (2007). p. 259.

103 Ibid. p. 258.

104 Ibid. p. 261.

105 Endicott-West, Elizabeth (1986). "Imperial governance in Yüan Times." *Harvard Journal of Asiatic Studies*, Vol. 46 (2). p. 526. Harvard-Yenching Institute, <http://www.jstor.org/stable/2719142> accessed: 28/04/2011.

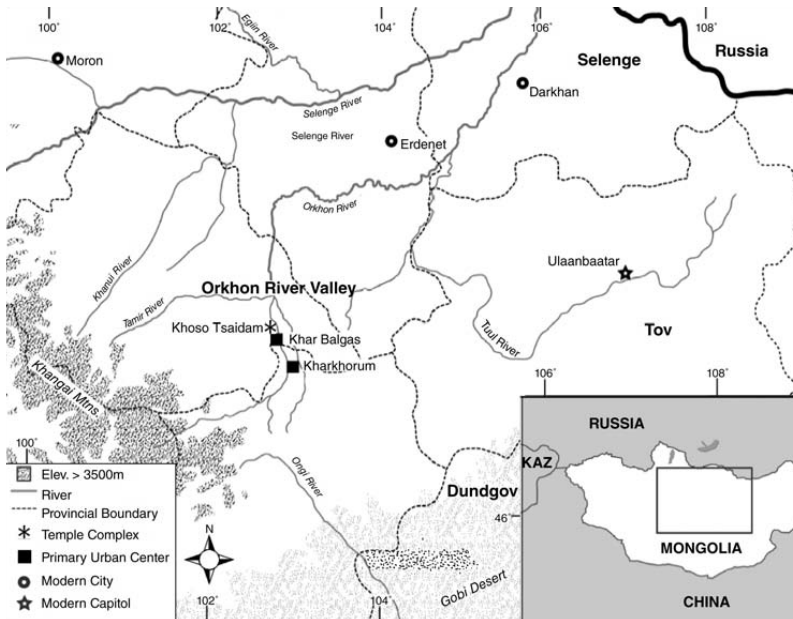


Figure 5. Central Mongolia showing the Orkhon River Valley

Source: Rogers, J. Daniel (2007). "The contingencies of State Formation in Eastern Inner Asia", *Asian perspectives*, Vol. 46 (2), p. 260.

In a period following the Great Mongol State marked by intense internal struggles among Mongol princedoms for dominance, the statehood tradition grew dim. The situation worsened during the period of Manchu rule in Mongolia. The continuation of the statehood tradition was not possible. The Qing court used administrative, religious, economic as well as hypergamy marital policies in order to prevent the emergence of Mongol political-religious leadership that would challenge the Qing Empire to control the Mongols. But the statehood heritage survived among the Mongols.

In 1911 when Mongols gained independence from the Qing state, the political-religious leaders based upon this statehood heritage established the Mongol Khanate with the goal of protecting the race and religion as well as the territory of Mongolia. Then from 1921 to 1990, under socialist regime the tradition of running state affairs was supplemented by socialist communist ideology and the values of equality and democratic centralism. Now in a period of democracy, the Mongolian public sector is striving to be a pillar of democracy. It aims to become

more accountable to citizens, to make its activities more transparent and open, and to make its decisions in a participative way.

4.4.1 Khunnu Empire (209 B.C.–93A.C.)

The Khunnu Empire is considered the ancestry of Mongol statehood¹⁰⁶ and in 2011 the parliament of Mongolia passed the resolution to celebrate the 2200 year anniversary of the establishment of the Khunnu Empire as the ancestry of Mongol statehood.

During the third and second centuries BC the Khunnu Empire rose to great power and became a confederation of nomad tribes. The Khunnu Empire lies in the territory between Lake Baikal to the north and the Great Wall to the south, the Altai Mountains to the west and the Khyangan Mountains to the east.¹⁰⁷ The religion of the Khunnu was Shamanism. The Khunnu worshipped the sun, moon, sky, earth, and their ancestors. They lived off of livestock herding, and horses played a leading role in the herders' migration, in hunting and in war.

The ruler of the Khunnu Empire was Shanyu, which means the “Great Son of the Eternal Heavens” and implies a divine sanctification through the use of such titles. The king's title actually derives from the word *munch tenger*, thus referencing the traditional beliefs of the people of the steppes: (1) the continuation of the heavenly mandate of the Eternal Sky – *Munkh Tenger*, (2) the application of this upper world to control the entire steppe or an entire human life, and (3) special good fortune bestowed to the particular leader to execute a will of the God.¹⁰⁸ And being submissive to Shanju or the khan is considered the same as serving the Eternal Heavenly Sky-God.

In the period of Modun Shanyu (209–174 B.C.), who eventually defeated all the nomadic tribes and created a state, the Khunnus became a dominant power in eastern Asia. The internal demands as well as the preconditions for uniting nomad tribes under the central rule of the Khunnu were enough cause for economic and political crises; a

106 Очир, А, Чулуунжав, Д. (1995). Монгол торийн байгуулал, улс торийн сэтгэлгээний хөгжил (МЭО III–МЭ XX) зуун тэргүүн боть, Монгол улсын шинжлэх ухааны академи, туухийн хурээлэн, ШУ Хэвлэлийн “Эрдэм” компани. p. 10.

107 Ibid. p. 11.

108 Сэлэнгэ, Х. (2004). XIII Зууны Монгол тор, эрх зүйн үзэл санаа, тууний унэт зүйл. Улаанбаатар: МУИС-ийн Хэвлэх уйлдвэр. x: 35.

sufficient number of people were affected by crisis afflicted by warriors and members of nobility loyal to Modun.¹⁰⁹

The state structure of Khunnu resembled a military structure. For maintaining political and organizational control of populations and territories, the state organization had three branches or arms (provinces) governed by Noyn, then 24 Tumt (an administrative unit of 10,000 persons) and Myangat (unit of 1000) then Zuut (unit of 100), and Aravt (unit of 10). Each organizational unit was headed by a leader responsible for the unit.¹¹⁰ Thus, through this centralized control it was possible to bring independent or loosely affiliated nomadic groups together for a common purpose. Consultative methods of decision making were employed at local and central levels. Especially at the state level, nobles and princes gathered together and discussed military and political affairs.¹¹¹

The Khunnu Empire was followed by other more or less successful tribal confederations that achieved a greater or lesser degree of cohesion. Among these, the most important were the Wuhuan, the Qiang, the Xianbi, and the Rouran.¹¹²

4.4.2 The Great Mongol State (1206–1368)

In 1206, uniting the warring Mongol tribes under one rule, a chieftain named Temüjin was crowned as the *Khaan* of the *Ikh Mongol Ulus* (Great Mongol Nation) and declared at the first assembly of the *Hural-dai* (General assembly), the forming of the Mongol Empire. Within twenty years, the Mongol empire grew to be the largest contiguous land empire in world history. Beginning in the central Asian steppes, it eventually stretched from Eastern Europe to the Sea of Japan, covered Siberia in the north and extended southward into Southern Asia, the Indian subcontinent, and the Middle East.¹¹³

The *Huraldai* is a legitimate indispensable consultative institution of tribal societies which brought together people from great distances for selecting the Khaan and deciding military and political issues.¹¹⁴

109 Di Cosmo, Nicola (1957). "State formation and periodization in Inner Asian history." *Journal of World History*, Volume 10 (1) Spring 1999, p. 25.

110 Очир, А. Чулуунжав. Д. (1995). p. 11.

111 Ibid. p. 13.

112 Di Cosmo, Nicola (1957). p. 30.

113 Очир, А. Чулуунжав Д. (1995). p. 14.

114 Endicott-West, Elizabeth (1986). p. 540.

During the reign of the Great Mongol State a Hural dai was used at both local and central levels. The leading Mongol nobles, princes and officials attending the Hural dai were able to express views on important military strategy and civil affairs and to propose policies to the ruler. Their advice was used, but after decision making they were obliged to act only in accordance with the decision and be loyal to their word. The existence of the Hural dai and the procedures of decision making and acting indicates that a kind of democratic centralism existed in the thirteenth century among the Mongols.

The Hural dai declared a new law for the Empire named *Ikh zasag*, (“Great Yasa”),¹¹⁵ the great law or great code of Chingis Khan which addressed and regulated everyday life aspects of Mongols. The maintenance of peace and order, structure and discipline to the empire’s daily functions was the general objective or the spirit of the Yasa.¹¹⁶

The Great *Yasa* was a merit-based system that did not discriminate on the basis of religion or ethnic background or rank or tribe, which means that everybody must be given the same opportunities. Any appointments to positions of influence and power were made on ability alone. Therefore, the learned men and monks of every denomination were respected, loved and honored. The charters of immunity used to be granted to the clergy, to physicians and jurists. Technicians and artisans were apparently also excused from military services and subjected to special work instead. This was very advantageous for promoting productivity.

The idea of equality and the idea of honoring learned men were reflected in the policy concerning religions. Chingis Khaan issued “orders that all religions shall be respected and that no preference shall be shown to any of them”¹¹⁷ and freed temples and monks from taxes and respected the temples consecrated to God as well as his servants.¹¹⁸

115 Yasa is known as the Code of Laws and Ordinances promulgated by the great Mongol emperor Chingis Khan. Vernadsky based on two most important historic sources for the study of Yasa, the Persian source by Juwaini and Syriac source by George Abu’L Faradj, writes however that no complete version of the Yasa has been preserved or at least no manuscript containing it has been as yet discovered, there can be no doubt that the Yasa as a written document actually existed. With expansion of the Mongol Empire to China and to Turkestan the Yasa was revised to adjust to the needs of the expanded empire from 1218 to 1225, reflecting sedentary culture.

116 Morgan. D.O. (1986). “The ‘Great “yāsā” of Chingiz Khān’ and Mongol Law in the İlkhānate”. Bulletin of the School of Oriental and African Studies, University of London, Vol. 49 (1). In: Honour of Ann K. S. Lambton. p. 163.

117 Morgan, D.O. (1986). p. 165.

118 Ibid. p. 170.

The merit principle was coupled with strong discipline. As Morgan writes, an officer, even of the highest rank, must accept without any recalcitration, any punishment administered to him by the special messenger of the khan (even if the messenger is of a lower rank), including the death sentence.¹¹⁹ Mongol rulers required from officials strenuous service, submission, integrity and loyalty. The extreme rigidity of the code allowed only one system in particular to flourish. Not only the offender himself was liable for punishment but in some cases his wife and children were likewise held responsible. Punishment by death was prescribed for almost all types of crime. The offenses against religion, morals or established customs; against the khan and state and against property were prescribed the death penalty. Even the third bankruptcy and horse-stealing when the thief was unable to pay the fine were subjected to death.¹²⁰

To strengthen Mongol society as a whole and to mobilize military forces very effectively as well as to maintain an order and discipline, Chingis Khaan used the decimal system organization. Ten *aravt* made a *zuut*, ten *zuut* made a *myangat*, and ten *myangat* formed a *tumt* or an army of 10.000. Everybody had his specific position in the service to which he was bound and which he could not desert. As applied to this principle of military service, no man of any thousand, or hundred, or ten in which he had been counted should depart to another place; if he does so he shall be killed and also the person who received him. In civil affairs it was applied in the following way: Chingis Khaan commanded “all his subjects to serve the public in some way or those who went not to the wars, were obliged at certain seasons of the year to work so many days on the public structures, or do some public work for the state, and one day in every week employ themselves in the service of the Emperor in particular”.¹²¹ This principle of universal obligatory service was combined with another – that of equality in service. Strict discipline was enforced in all branches of the state service, but an equal amount of teamwork was required for all services and any excessive demands were eliminated. Equality in work then requires equality in food. The Yasa forbade eating in the presence of another without sharing one’s meal with others.

119 Morgan, D.O. (1982). “Who ran the Mongol Empire?”, *Journal of the Royal Asiatic Society of Great Britain and Ireland*, No. 1. p. 124.

120 Vernadsky, George (1938). “The scope and contents of Chingis Khan’s Yasa” *Harvard Journal of Asiatic Studies*, Vol. 3, (3/4) (Dec., 1938). p. 352.

121 *Ibid.* p. 360.

The expansion of the Mongols to China (from 1211) and to Turkestan (from 1219) resulted in the transformation of the local Mongol Khanate into a world power. “The empire has been conquered on horseback, but cannot be governed on horseback”.¹²² The empire encompassing the vast area from Poland to Korea and integrating diverse nations used different styles of governing. Depending upon the features of the conquered places, Mongols used three different strategies for ruling: 1) Traditional steppe nomadic lines that were a tribal confederation; 2) Mongols took into service personnel from other Turco-Mongol people who had some experiences of bureaucratic government in sedentary society and knew urban customs. They delegated them the authority to manage occupied territories; 3) Existing bureaucratic structures of the conquered sedentary states were maintained; officials of the previous regimes were put to work for the Mongols. As D. Morgan writes, “it was indispensable, since Mongols themselves had neither enough numbers nor cultural background to provide personnel of this type.”¹²³ The Mongols could identify “experts”, place them in the right position, and delegate authority to them. In other words, Mongols let others manage sensitive areas of government.

The traditional Mongol system of governing was not only enriched by administrative traditions from different nations but also brought changes to the traditions of conquered nations. For example, Qubilai's reign (1260–1294) was marked as a period when the government was rationalized; the ranked civilian bureaucracy was created. Qubilai attempted to disengage the military from the civilian sphere. And Qubilai khan declared that “[t]hose who serve as military officials are prohibited from overseeing the people; those who serve as civil officials are prohibited from overseeing the military.”¹²⁴ Qubilai's attempts to keep civilian and military personnel from interfering in each other's realms faced contradictions in Mongolia. As part of Qubilai's reform, a system of dual staffing of the senior offices at each level of the local government was instituted to reinforce the consultative decision making. This idea has its roots in the pre-conquest Mongols. Both participated in the daily conferences of local officials. Throughout Yuan times, in local government all ranked local officials demanded to participate in a daily conference. Missing this daily conference was punishable by a monetary fine,

122 The words said by the adviser Yehlu Chutsai to the Great Khan Ogudei.

123 Morgan, D.O. (1982). p. 131.

124 Endicott-West, Elizabeth (1986). “Imperial Governance in Yuan Times”, *Harvard Journal of Asiatic Studies*, Harvard-Yenching Institute, Vol. 46, (2), p. 523. available at: <http://www.jstor.org/stable/2719142>.

by a beating, or by dismissal from office.¹²⁵ Qubilai khan, besides disengaging the military from civilian affairs, attempted to engage religion with state affairs. It was the core idea in his dual principle. Thus for 13 centuries Buddhism was declared as the state religion, whilst another three parts of the Mongol Empire had adopted the culture and religion of their subjects.

The Mongol Empire, covering an enormous area of land, was unable to remain an integrated political unit. Disintegration started by the time of the collapse of the Yuan Dynasty. The Ilkhanate in Persia comprising Iran, Iraq, Afghanistan, Turkmenistan, Armenia, Georgia and Turkey disintegrated in the 1330s. The Chagatai khans ruled Central Asia until the 1370s. The Golden Horde in Russia stayed in power for 250 years until 1480.

4.4.3 Post-imperial Mongolia (1368–1691)

After the expulsion of the Yuan Dynasty rulers of China, the Mongols moved back to their homeland and continued to rule Mongolia in their respective regions. Since that time, internal violent power struggles have continued among Mongol princes for superiority over all Mongolia lasting from 1368 to 1691, disrupting the legacy of the statehood tradition of the Mongols, and making them easier to be annexed to the Manchu part. The last Khan who succeeded in reuniting the entire Mongol nation in the early 16th century was Batumöngke Dayan Khan- the descendant of Chingis Khan and his khatun Mandukhai. After Batumöngke Dayan Khan's death, Mongolia again disintegrated into several separate domains. As a consequence of the internal struggles in 1634, Inner Mongolia submitted to Manchu and became an autonomous part of it.

At that time Mongol princes faced the challenge of choosing from three options: either combine all their forces and fight against the Manchus, which were stronger and had taken over all of China at that time, or approach the Russian Tsari as did the Buryat and Khalmig Mongol principdoms or to follow the way of Inner Mongolia and accept relative autonomy given by the Manchu. There was no compromise possible. However, Buddhism, a shared belief system linking Mongols to Manchu had much influence upon the princes' decision.¹²⁶

125 Endicott-West, Elizabeth (1986), p. 525.

126 Очир, А, Чулуунжав, Д. (1995), p. 67.

Trying to unify separate Mongol principedoms and protect the nation from Manchu invasion, Mongols were resisting with all their might. In 1640 all sovereign Mongol princes gathered for the Assembly and declared the *Ikh tsaaz* or *Oiradiin tsaaz bichig* which replaced the “Great Yasa” of Chingis Khaan. The new legislation aimed to strengthen the inner solidarity of Mongols, to promote Buddhism as a state religion, to discourage Shamanism, to unify their forces against external enemies and to protect the sovereignty of Mongolia. But this attempt to reunite Mongol principedoms was not strong enough to stand against the Manchu invasion. The Manchus gradually annexed Mongolia by taking skillful advantage of feudal disintegration, bribing some Mongol princes, provoking war between Khalkha Mongol and Oirat, and crushing others by force or arms.

The internal conflict between Mongol princes eventually made them come under Manchu rule after Inner Mongolia’s submission to the Manchus in 1634, and the Khalkha made a choice to come under Manchu rule in 1691. After sixty years of wars and struggles against the Manchu, in 1756 Western Mongolia or Oirats became part of the Manchu.¹²⁷ Thus, by the late 18th century all Mongol territories, including Inner Mongolia, Khalkha Mongolia and Oirat Mongolia were fully incorporated into China.

4.4.4 Mongolia under the Qing Dynasty (1691–1911)

The Qing court used selective separating techniques to control the Mongols, such as binding the Mongols to the Manchus through administrative, marital and military alliances; subjecting the Mongols to Chinese economic exploitation; and preventing the emergence of a unified Mongol political-religious leadership. The Mongols were subjected to the rule of hypergamy through an extensive aristocratic marriage alliance with the Qing imperial house. As kinsmen or privileged subjects, the Mongols were obliged to assist the Qing court in the conquest and suppression of rebellion throughout the empire.¹²⁸

Mongolia was given relative autonomy; especially the religious leader of Mongolia had immense *de-facto* authority. But the Qing did not allow prominent lamas to be reincarnated within Chinggisid noble

127 Очир, А, Чулуунжав. Д. (1995). p. 67.

128 Uradyn, E. Bulag (2010). Collaborative Nationalism, The Politics of Friendship on China’s Mongolian Frontier. Rowman & Little field Publishers, Inc. p. 68.

families; their reincarnations had to be brought in from Tibet. This assured that no powerful Mongolian political-religious leadership could emerge to challenge the Qing. Thus Tibetan Buddhism was valued by the Qing not for its intrinsic spiritual superiority but for its utility in controlling the Mongols.¹²⁹

For this purpose, the Qing court exercised favorable policies toward expansion of Lamaism in Mongolia. An order was issued which exempted only lamas who were residing in monasteries from taxes and obligatory duties. Consequently, not only the number of monasteries and lamas increased, but the religious influence perpetuating the fatalistic pessimistic view of life became more powerful.¹³⁰ Many men in the countryside were engaged in religious activities, detaching themselves from productive labor, which resulted in a deteriorating national economy as well as decreasing the population count.

The country was subdivided into many small administrative units: 4 *aimags*, which turn again into many *khoshuus*, and *soums*, then *bags* and *gers* respectively. Any movement between the administrative units was strongly restricted, thus this subdivision made Mongols unable to unite their forces.

However, preexisting Mongol elite hierarchies had remained in place, except at the highest levels of decision-making authority. Although Mongol nobles were governing their respective regions, they had little chance to interfere in state affairs. Manchu rulers used titles for rewarding Mongol nobles. In fact, all formal authority was in the hand of Manchu governors or rulers. The feudal lords attached to the representation of Manchu government were without any de-facto authority.

Thus the traditional legacy of centralized authority was fragmented; military elite hierarchy was replaced by religious hierarchy and overlords were deprived of de-facto power.

4.4.5 Independent Mongolia (1911–1919)

The Qung Dynasty proposed a new policy to open the Mongolian frontier in 1902. Chinese traders started commerce in the territory of Mongolia and many of them settled there. Mongolians considered this policy

129 Uradyn, E. Bulag (2010). Collaborative Nationalism, The Politics of Friendship on China's Mongolian Frontier. Rowman & Little field Publishers, Inc. p. 68.

130 Лхагвасүрэн, Г. (2003). Ноён хутагт Д. Данзанравжаа, Улаанбаатар, х:158.

a threat to their religion and to their national roots. Consequently, under the rule of the Buddhist leaders the Mongolian nationalist movements to protect the “religion and roots” started in faith and rose up against the Chinese. The reactions were so strong that they resulted in the emergence of the independence movement in Mongolia in 1911. With the collapse of the Manchu empire, Outer Mongolia under the Bogd Khaan declared independence from China in December 1911. In the *Khiyaghta* agreement of 1915, the three countries of China, Russia and Mongolia agreed on Mongolia’s status as independent from Chinese sovereignty. In 1919, after the October Revolution in Russia, with the assistance of the Russian Red Army, Mongolia was liberated from Chinese influence.

4.4.6 Communist Mongolia (1921–1990)

Mongolia’s independence was declared once again on July 11, 1921. A new government *Ardiin zasgiin gazar*, the People’s Government, was established by the Mongolian People’s Party and retained the Bogd Khaan as head of the government, but gradually limited his powers. Bogd Khaan as the head of government was responsible only for religious affairs until his death in May of 1924.¹³¹ It was just the beginning of the separation of religion from state and reached its height in 1928. In accordance with Marxist-Leninist atheist philosophy as well as the proletariat looking to eliminate economic inequalities within the religious structure and within the society, the religious leaders were eliminated. Thus the longstanding history of religious influence on state affairs ended.

In November 26, 1924 the first constitution was passed by the First Great Khural that proclaimed the independence of the Mongolian People’s Republic. The constitution declared that by passing the capitalist stage of development Mongolia chose the course of socialist development and described the legislative consolidation of state power, providing a basic statement of socioeconomic and political rights and freedom for the people.

The highest agency of state power was the unicameral People’s Great Hural. Candidates for deputies of the Great Hural were proposed mostly by trade unions, by the district level Mongolian Revolutionary Youth Union (*Mongoliin Huvisgalt Zaluuchuudiin Evleliin khoroo*) and party unions, because everybody had membership affiliation to one or

131 Очир. А, Чулуунжав Д. (1995). p.9.

two of these organizations. Deputies of the Great Hural were elected by mass election for four years. Each of the administrative divisions from aimags, hots to soms had its corresponding governing assembly of people's deputies. The highest executive and administrative agency of state administration was the Council of Ministers, which took responsibility for coordinating and directing the work of the ministries, for supervising national economic planning and implementing the national plan, and to direct and to guide the work of *aymag* and *somon* executive administrations. The constitution (1960) provided that "The economic life of the MPR shall be determined and directed by a single state national economic plan in the interests of the constant growth and development of the productive forces of the country". After the first attempt at collectivization in the 1930s and the liquidation of the wealthier social elements, the second attempt in 1959 at collectivization was carried out in over a broad spectrum so that all significant productive activity – including nomadic herding – was collectivized. All industrialization, distribution and finance were centrally planned and undertaken by the state. Any activity outside of the plan was limited and closely controlled.¹³²

The Mongolian People's Revolutionary Party (MPRP) was the only political party ruling the country since 1921. The MPRP was the ruling and directing force of society and the state at all levels. The party formulated policies and plans, centralized and allocated all assets and resources, selected and distributed personnel according to the list of official positions at national level, and controlled and supervised all activities and all state enterprises and organizations. In views on administering social democracy for decision making and central planning, control and redistribution from above was a common feature. Thus the ruling party imposed political control over the central government and local public administration entities through its policy documents and centralized control mechanisms. There was however also strict control from below through party members' representation systems.

Since the party organizations played a decisive role in the selection and assignment of civil servants, there was no formally constituted permanent organization in charge of personnel management of government cadres. The party decided which person was suited to what kind of work on the basis of individual background (social status was considered mostly), loyalty, honesty, political consciousness, knowledge of relevant tasks, and organizational abilities. Party assignments as well as

appointments to positions made people put their effort into implementing party policy for the benefit of the nation as a whole.

The organizational principle of democratic centralism was a common phenomenon not only in the Mongolian political system but also in administration. This principle concentrated decision-making authority and the power to take policy initiatives at senior party levels. All issues as well as policies were discussed freely within the party organizations, and members were welcomed to express their opinions. After discussion once final decisions (expressed in programs) were made, then policies or decisions were to be implemented exactly, without any further expressions of disagreement.

The introduction of perestroika and glasnost in the USSR strongly influenced the politico-economic life of Mongolia in the late 1980s. The democratic centralism principle played its role in changing the development of the Mongolian way of life particularly in “democratizing the party’s inner life”. It emphasized the need for a “Renaissance” or *sergen Mandal* of the Mongolian socio-political system by introducing a more open and free social and political system. Participation was increased in all socio-political activities.

This was very new approach. Traditionally, ‘glasnost’- the ideology of political transparency or pluralism or openness – or *il tod* was altogether not appreciated in Mongolia. Thus all these matters referred to expressing disagreements or freedom of speech.¹³³ Especially the seniority principle was common in every social relation among Mongolians. Mongolians give preference to social harmony and hierarchy in order to avoid any ad hoc ways of behaving and in order to maintain discipline. Nevertheless, this Renaissance reform promoted pluralism *olon uurgalch uzel* to a great extent.

In 1986 Mongolia launched the *uurchlun baiguulalt* restructuring program. Its broad aims were the acceleration of economic and social developments, the application of science and technology innovations to production and the reform of management and planning structure in state enterprises, which was directly associated with greater economic autonomy for enterprises and a more appropriate balance between individual, collective and social interests.¹³⁴ Co-operatives were formed anew and some ideas of financial effectiveness and market-like ideas were introduced for the first time.

133 Uradyn, E. Bulag (1998). Nationalism and Hybridity in Mongolia, Oxford: Clarendon Press. p. 142.

134 Монголын нийгмийн оорчлолт (2010) ред. Б. Даш-Ёндон. Монгол Улсын Шинжлэх ухааны академи Философи, Социологи, Эрхийн хурээлэн. Улаанбаатар. p. 424.

This *perestroika* or restructuring reform idea promoted the “Renaissance” or *sergen Mandal* of Mongolian national tradition, which was suppressed during socialist times. Mongolians’ interest in studying their own traditional heritage and history increased. Many traditional rituals and customs, even the national traditional celebration of the New Year – *Tsagaan Sar* – was restored into the life of Mongolians. The Mongolian old script¹³⁵ was reintroduced into the education program and newspapers, and books started to be published in this old script. Everything referring to Mongolian tradition or heroic history attracted the interest of the society. People even started to give new born children the names of famous Mongolian nobles and heroes that were impossible during socialist times.

In 1990 Mongolian politics lead to the peaceful Democratic Revolution. A multi-party system and a free market economy were introduced. This involved the removal of ideological control, free mass media development, opening up to the outside world, and expanding international cooperation and created the beginnings of social change. The new post-materialist values towards egalitarianism entered into the political and societal belief system.

135 Mongolian traditional vertical script ‘Mongol bichig’ created in the beginning of 13th century and used until the introduction of Cyrillic letter in 1946. Then in 1994 it is inserted into the compulsory education program.

4.5 Conclusion

As discussed here, the unified culture of Mongolians from its historic tradition encompasses the features of the *hierarchical, egalitarian, individualist and fatalist ways of living all together*. A culture of relatedness, ascribing interpersonal relationships as a societal foundation, becomes the root of hierarchical and egalitarian culture in Mongolian society. Relatedness, coupled with customary strict rules, formed a hierarchical culture. Economically and socially, it was possible for everyone to reach a higher status in the society. Traditionally, the way nomads used to make a decision enabled broad participation and allowed for skilled or wise men to be accepted and respected by the society. Individualism is also a common culture in Mongolia. A consequence of the number of available groups, continuous mobility, and a self-sustaining lifestyle make Mongolian life relatively independent from authorities. During its statehood history, these cultural types continued to coexist, changing their positions of dominance and ingraining their consequences into the minds of Mongols.

The Mongolian contemporary art of governance takes its roots from a long history of statehood starting from prehistoric times. The statehood history of Mongolians is characterized by social power of strong divine leadership and legitimization of strong centralized control as well as a military type of organization. This legacy is reflected in the values that are embedded in the operation of state affairs as well as materialized in symbols, rituals, languages. The traditional ideology for running state affairs – to respect and obey the state – is still kept in present times and has a powerful potential to affect governing practices.

In prehistoric times, our ancestry – the Khunnu Empire – set up the tradition of democratic centralism, which enabled involvement in state affairs. This tradition continued until the 13th century. The Great Mongolian Empire under Chingis Khaan with an authoritative style of ruling used principles of participatory governance based on democratic centralism, rule of law, equality of citizens and personal freedoms. In 1368–1692, internal struggles for power dominance increased and the period of stagnation began. Then from 1691–1911 Mongolia was under the Qing Dynasty. Buddhism philosophy was diffused into the life of Mongols so deeply as to teach conformism. In the period of socialism from 1921–1990, as the second socialist country in the world, Mongolia adapted collectivist ideology with security, solidarity and equality in income and living conditions for all. Since 1990, a democracy with a central belief in the supremacy of personal freedom was established in Mongolia.

5 Public service in democratic Mongolia

5.1 Introduction

This chapter outlines the public sector governance issues of democratic Mongolia. In 1990, the world's second oldest communist country – Mongolia – made a peaceful transition from socialism to democracy. The Mongolian government attempting to ensure the irreversibility of changes utilized the 'shock therapy' strategy.¹³⁶ As a result, the one-party-centered political system has been replaced by a multiparty political system, and a centralized planning economy transformed into a market economy. These transitions based on neo-liberal concepts brought fundamental reform challenges to public sector management of Mongolia. Thus since the early 1990s within the democratic development framework public sector governance has gone through fundamental reforms. Along with restructuring and maintaining the existing public system, the government of Mongolia has attempted to apply the New Public Management concepts, specifically the New Zealand model, which is going to be replaced by next reform policy in the next year. Now it is moving from public service serving the interest of the state towards serving the interest of public. Moreover, new values such as accountability, transparency, participation, effectiveness and efficiency have been highly emphasized in legal as well as policy documents since the initial period of democratic changes in Mongolia.

This chapter not only discusses undergoing reform policies but it also briefly introduces civil service of Mongolia. It also presents data on the size and structure of employment in public sector, on age distribution, gender representation and qualification of public sector workforce. Then concludes with a brief discussion on how these new values are being interpreted in the contemporary Mongolian context.

5.2 Transition pressures for public sector reform

In former times, the Mongolian People's Revolutionary Party (MPRP) formulated policies and plans, centralized and allocated all assets and resources, selected and distributed personnel according to the list of official positions, and controlled and supervised all activities of all state enterprises and organizations. Consequently, at the initial stage of the transition period when the political party was separated from the administration, the administrative capacity in the area of policy development, planning and controlling was weak. In addition to that the lack of knowledge and skills of administrative or executive staff to operate in the new transition circumstances was one of the main obstacles. Due to this situation, the search for appropriate ways to reform public sector management and choose from the best experiences suitable for the Mongolian context were challenging issues for the government.

Another pressure relates to the economic situation of the transition period. In the early 1990s, Mongolia faced severe economic crises. It started with the complete withdrawal of economic assistance from the Soviet Union, which amounted to 30 percent of the GDP in former times. The decline of export diminished the economic situation as well. Mongolia was under this economic and financial shortage until it found new international assistance. The new assisting international organizations pressed the Mongolian government to introduce not only liberalization of the economy but also decentralization of the administration and rationalization of the structure of the public sector.¹³⁷ Thus the program of economic reform in the 1990s was the priority. Livestock were returned to private ownership, the rules regarding general commercial activity liberalized, the exchange rate depreciated, tariffs abolished, the tax system reformed, the public sector downsized and restructured, and state commercial assets privatized.

The scarcity of budget and financial resources necessitated the decentralization of finance. Public organizations not only had to reduce their expenditure but also had to raise their own funds to cover operation expenditures. Thus public sector organizations put their efforts into searching for various supplementary revenues outside of the budget, such as applying for external grant sources, and renting office space in government buildings to private entities, organizations and individuals. As a result, some administrative organizations initiated self-financing and covered

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Steiner-Khamsi, Gita and Stolpe, Ines (2004). "Decentralization and recentralization reform in Mongolia: Tracing the swing of the pendulum". *Comparative Education*, Vol. 40, (1). p. 7.

salary, electricity and heating expenses. Although cost recovery activities were promoted, in fact, organizations succeeding in fund raising received smaller budgets than others did. Most public entities took advantage of these opportunities and started to have several accounts for their business activities. Thus, policies promoting the raising of funds but not integrating it with control and reward mechanisms resulted in a weakening of morale of public administration staff, downgrading standards of services and lowering the quality of public service delivery. This is the pressure caused by financial as well as administrative deficits.

For the first time the public sector, which was almost the only employer in former times, has been facing challenges to compete with the private sector in recruiting and retaining skilled personnel from the very small labor market of Mongolia. Even though the business sector was just in its initial stage of development, the salary level was attractive for highly qualified personnel. Thus, public sector organizations faced several pressures from both the external and internal environment.

5.3 Reforming the public sector of Mongolia

Thus, since the early 1990s Mongolian public sector management has undergone fundamental reforms trying to adapt itself to several best practices of developing countries as well as follow the reform movements of the international arena.

From an analytical perspective on the main concepts of the reform process, the Mongolian public sector management reform process has gone through three phases.¹³⁸ *Phase 1 (1990–1996)* entailed the establishment of the new system of state structure and maintenance of the existing system through some incremental changes rather than reform.¹³⁹ In this period, however, the traditional centralized career-based system was emphasized in civil service, administrative and fiscal decentralization was also promoted. *Phase 2 (1997–2011)* witnessed the application of the New Public Management in the Mongolian public sector. Particularly the New Zealand model with techniques such as

138 In the Civil Service Profile Map (2008) proposed three phases of public sector reform policies in Mongolia: phase I 1990–1993; phase II 1993–2000; phase III 2000–present. But this classification needs still to clarify its basis, which underlies the definition of those three phases.

139 Damiran, Tsedev and Pratt, Richard (2005). "Institutional change in Mongolia: Balancing waves of reform" Network of Asia-Pacific schools and institutes. Beijing. p.4.

performance management, contract management and administrative power delegation to managers were brought into practice. In *Phase 3 (since 2012)*, the output-oriented budgeting or contract management ideas are no longer on the reform agenda. Citizen-oriented governance is the next reform concept. In sum, rearrangement of the government structure and establishment of the administrative and the civil service systems were the key elements of the first phase. The second and third phases highlight the operational management reform aspects such as financial, budgetary and personnel management issues.

5.3.1 Phase 1 (1990–1996)

In 1992 the new constitution of Mongolia was adopted and became the legal basis for the reform of the state structure. It transformed Mongolia into a combination of presidential and parliamentary democracies. The constitution created the legislative, executive and judicial branches of the state. A multi-party system was established. Decentralization and empowerment was promoted in local governance.

The constitution defines the main principles of Mongolian state activities as giving “... effect to democracy, justice, freedom, equality and national unity and respect of law”.¹⁴⁰ It states further that public organizations serving the people should act only in accordance with the law and public servants should implement state goals and function only within the vested powers of the law.

In response to the economic, political and social demands of the transition period, in December 1993 the Mongolian government in its resolution No. 199 declared the “Management Development Program”. This program was developed and implemented with assistance from UNDP and other donor countries like Sweden, Great Britain, Denmark, Nederland, Germany, Japan, Australia and other international organizations. The government defined the following six comprehensive strategic objectives:

“Public Sector Reforms:

1. *Public administration and civil service reform*, which redefines the role, function and structure of the government, introduces a new civil service structure and system, and retrains government officials accordingly.

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The Constitution of Mongolia (1992). Article1.

2. *Decentralization and local administration strengthening* that provides increased authority, responsibility and capacity to the lower levels of government.

Private Sector Development:

3. *Privatization and privatized enterprise restructuring* which, as part of the redefinition of the role of the state, is transforming unproductive state assets constraining private sector development for the benefit of the economy as a whole.
4. *Private sector development*, which is introducing policies facilitating the promotion of the private sector, especially with regard to small and medium-sized enterprises, and strengthening supporting institutions.

Management Capacity Strengthening:

5. *Management development institution strengthening*, which is making the management curriculum more relevant to the Mongolian situation, and strengthening training and consulting institutions to enable them to better supply the public and private sectors with managers skilled in modern management techniques.
6. *Management development policies and support system strengthening*, which is creating a strategic management capacity within the office of the Prime Minister, and putting in place monitoring mechanisms and information management, accounting and auditing systems.”

The purpose of the program was “to study and introduce management best practices from developed countries that are applicable to the Mongolian situation; to develop or strengthen the leadership capacity of the government in order to assist the creation of a viable private sector, to promote decentralization and strengthen local government”. Under this program many projects aiming to promote decentralization were implemented.

In 1994, the law on government service (LGS) was approved, identifying the legal environment of the public service system. It defines the legal status of public servants, classifying their subjective authority; it defines their duties and rights, responsibilities, incentives, conditions of work and management of the public service. It provides for the Government Service Council as the central body responsible for government service matters. The LGS sets out the common duties, rights and restrictions on the activities of core government employees. The conditions for obtaining and holding core government posts are laid out.

As contingent upon the fundamental principle of LGS, the merit and career-based system was developed.

The LGS states that government services shall be guided by seven principles comprising both democratic as well as professional values and ideas such as:

- To administer and be administered;
- Transparency;
- Service to the public;
- Equal opportunities for all citizens to be employed in government service in conformity with the conditions and procedures prescribed by the law;
- A highly qualified and stable government service;
- Provision by the government of guarantees and conditions under which government employees can exercise their rights;
- Government compensation for damages incurred as a result of wrongful action taken by a government official in the course of exercising his or her legal powers.¹⁴¹

The law creating a traditional career-based civil service system in Mongolia was revised several times in order to account for the new concept of public sector reform. Despite the reviews and amendments, the LGS retained and instead strengthened the traditional central controls on civil service staffing inputs, including central control over the grading and classification of positions, remuneration and other personnel decisions. In this way this law was affecting the implementation of some other reform policies, which will be discussed later.

In response to macro socio-economic pressures, fiscal pressures, and management capacity pressures, in May 1996 the Parliament of Mongolia approved the “Mongolian State Policy on Reforming Government Processes and the General System of Structure” (hereinafter referred to as “Policy Paper”) by its Resolution No. 38. The document was prepared with assistance from the UNDP and became the official guideline for public administration reform in Mongolia. The purpose of this Policy Paper was “to redefine directions of government processes, to streamline its general system of structure through re-engineering, to introduce management methods suited to market economy relations in a democratic society, to reduce budget costs of public entities and raise

their efficiency through enhancing the leadership role of the government”.¹⁴² The Policy Paper determined the policy on reforming the government processes, and government priorities, mission, strategic and operating objectives were clearly defined. The next important objective of the Policy Paper as a key mission of the Mongolian government at that time was to adapt government to the requirements of the market economy in a democratic society and assist the creation and consolidation of a viable private sector. The Policy Paper had a very broad scope and comprehensively covered all aspects of administration (see Table 5). It identified five strategic objectives for the next five years. The Policy Paper mainly emphasizes a managerialist idea that “[t]he role of the government must be seen as leader and catalyst in the provision of services, rather than “doer”. The government must ensure that managers manage within an appropriate accountability framework. While some differences will apply to various government operational entities as a function of their individual missions, the management values to be developed and encouraged through public administration reforms reinforce the government’s philosophy of management. The management values of this new culture are:

- Customer oriented services;
- Strong working and partnership relations, trust and respect;
- Leadership and vision;
- Strong, entrepreneurial, innovative and creative management;
- Continuous improvement and experimentation;
- Loyalty, dedication and commitment to quality/value for money;
- Professionalism, integrity, judgment, discretion and excellence”.¹⁴³

142 Mongolian State Policy on Reforming Government Processes and the General System of Structure (Policy Paper) (1996). p.16

143 Policy Paper (1996). p.18.

Strategies	Operating Objectives
Strengthen the national leadership role of government and implement major operational improvements	<ul style="list-style-type: none"> • Strengthening government strategic policy, planning capacity and economic management capacity • Restructuring ministries as policy and planning entities • Establish a rational set of regulatory agencies, and new criteria for implementing agencies and budgeted entities • Distinguish between policy, investment & managerial goals for government involvement in state enterprises
Strengthen the government's executive management capacity	<ul style="list-style-type: none"> • Strengthen the role of prime minister & cabinet • Strengthen government financial management & auditing capability • Consolidate management of government common service
Strengthen local self-governance and local administration	<ul style="list-style-type: none"> • Strengthen all level Khurals • Strengthen local governor's offices • Increase local finances • Strengthen central-local government organization's relations
Provide an enabling environment for the private sector	<ul style="list-style-type: none"> • Undertake cash privatization as the second stage of the process • Strengthen corporate governance & restructure large privatized enterprises • Support business development through NGO service delivery
Manage public administration reform impacts and adjustment	<ul style="list-style-type: none"> • Manage adverse impacts of reform implementation • Improve motivation and morale of existing civil servants

Table 5. Strategies and operating objectives of the Policy Paper

The Policy Paper defined a new organizational structure for the central government. The structure of the government was defined in accordance with its performance functions, not with its economic functions. The functions and authorities of ministries and agencies were redefined accordingly. Policy-making functions were separated from service-delivery functions, the organizational structure of central (comprehensive policy and planning) and line ministries (sectoral policy and planning) were proposed (see Annex No. 1).

Thus it identified the policy of government cost reduction, including downsizing the public service, strengthening accountability and control through the ministry's and agency's business plan and new financial management systems. The idea was that more concrete strategies and clear goals enable better results in administrative work and better services to citizens. In order to improve the utilization of state properties, the

Government Common Service System was introduced and the Government Services and Logistic Department were established. Ministries had to move into government common houses. The properties of the ministries were transferred too and the parking of vehicles, heating of buildings, power supply, transportation, communication, stationary costs etc., were centralized at the Government Services and Logistic Department.

Business plans were elaborated in public sector organizations anew, which obliged administrators to develop strategies and execute management according to these clearly stated strategies. The idea of a business plan or management by objectives was maintained in further reform policies. The implementation results of this Policy Paper are expected to support democracy and a market-based economy in Mongolia, to reduce government costs, to increase efficiency and effectiveness, to ensure accountability and control, and to improve government image and credibility.¹⁴⁴

Table 6 presents the policies of governance reform starting from 1992 to 1996. Decentralization or transforming centrally concentrated authorities to local public organizations¹⁴⁵ was highlighted during this period. All different kinds of decentralization occurred in this period in Mongolia. Decision making authority was shifted from central government to local government, functional decentralization giving power to agencies was arranged; and market-like approaches promoting competition was introduced. Privatization of the state enterprises of small and medium size accompanied this as well. Consequently, the decentralization movement brought flexibility and empowerment ideas in public administration. As a result, administrative as well as financial authorities of local governments were enhanced. As a clear evidence of a strengthened decentralization, in 1996 about 40 percent of total government expenditure was distributed by local authorities to budget entities in their respective provinces. Surprisingly, the central government was not able to oversee budget allocation/expenditure at local and agency levels.¹⁴⁶ This indicates

144 Batbayar, Badamdorj (1998). Problems and perspectives of public administration reform: The case of the executive branch of the Government of Mongolia. Institute of social studies. The Netherlands. Working Paper Series 273, p. 30.

145 Pollitt, Christopher (2005). Decentralisation – A central concept in contemporary public management. In: Ferlie, Ewan; Lynn, Laurence E. jr. and Pollitt, Christopher (eds.). *Public Management*. Oxford: Oxford University Press p. 373.

146 Hausman, David (2009). "From central planning to performance contracts: New Public Management in Mongolia, 1996–2009". *Innovations for Successful Societies*, Princeton University. 1–10. accessed at <http://www.princeton.edu/successfulsocieties/content/focusareas/CS/policynotes/view.xml?id=107>. accessed 05/04/2013.

that the distribution of authority from a smaller to a larger number of actors lacked the mechanism for ensuring accountability.

Policy Documents and Projects	Rationale Concepts and Principles
The Constitution (1992)	"The supreme principles of the activities of the State shall be to give effect to democracy, justice, freedom, equality and national unity and respect of law"
Management Development Program (1993)	Decentralization and devolution of decision-making authority to local and service delivery public entities, strengthening capacity of local governance
The Law on Government Service (1994)	<p>Traditional centralized career-based system with principles:</p> <ul style="list-style-type: none"> • To administer and be administered • Transparency • Service to the public • Equal opportunities for all citizens to be employed in government service in conformity with the conditions and procedures prescribed by law • A highly qualified and stable government service • Provision by the government of guarantees and conditions under which government employees can exercise their rights • Government compensation for damages incurred as a result of wrongful action taken by a government official in the course of exercising his or her legal powers
Mongolian State Policy on Reforming Government Processes and the General System of Structure (1996)	<p>"Managerialist" idea with values:</p> <ul style="list-style-type: none"> • Customer oriented services • Strong working and partnership relations, trust and respect • Leadership and vision • Strong, entrepreneurial, innovative and creative management • Continuous improvement and experimentation • Loyalty, dedication and commitment to quality/value for money • Professionalism, integrity, judgment, discretion and excellence

Table 6. Policies of governance reform (Phase 1)

5.3.2 Phase 2 (1997–2011)

The prior reform processes largely focused on reforming government processes and the general system of structure and administration issues. Due to economic and financial challenges, the budget process and the public expenditure management still needed reform. As elaborated in detail in the Performance Evaluation Report of ADB, “Mongolia’s financial difficulties were exacerbated by a number of factors, including: (1) weak budget management, reporting, and control frameworks resulting in inadequate checks and balances; (2) full devolution of expenditure responsibility to lower tiers of government without strategic prioritization; (3) weak revenue administration; (4) inadequate treasury controls; (5) weak political will and bureaucratic commitment to maintaining overall fiscal discipline; and (6) weak operational and financial practices adopted by budgetary bodies and state-owned enterprises (SOE).”¹⁴⁷ In other words, informal economy was a common phenomenon in budget relations of the public sector of Mongolia. The public entities used to have two budgets: the formal budget that was presented to the government and demonstrated an expected expenditure and the real or informal budget that listed the real financial transactions showing which bills are paid and which are not.¹⁴⁸ Consequently, overspending of financial sources and debts of public organizations were growing.

Hence, budgetary discipline became the first priority for the government of Mongolia. In response to this demand, in 1997 the new *Enhanced Structural Adjustment Facility: Policy Framework Paper, 1997–2000 (ESAF)* agreement between the government of Mongolia and the IMF and the World Bank was approved. In 1999 the *First Phase of Governance Reform Program (GRPI)*, a multiprogram public sector reform strategy designed by the government of Mongolia and ADB, was approved.

The GRP I was “to help improve financial management in the public sector by introducing institutional mechanisms to improve financial planning, transparency and accountability.”¹⁴⁹ As a result of these projects, budget authority was centralized and a Treasury Single Account system was introduced. Those shifts brought all accounts of the public entities under the umbrella of the Ministry of Finance (MOF).

147 Mongolia: Governance Reform Program (First Phase) (2008). Performance Evaluation Report. ADB. p. 2.

148 Schick, Allen (1998). Why Most Developing Countries Should Not Try New Zealand Reforms. *The World Bank Research Observer*, Vol. 13, (1) p. 123–31.

149 Mongolia: Governance Reform Program (First Phase) (2008). Performance Evaluation Report. ADB. p. 3.

Consequently, public entities, local government organizations as well as agencies lost their financial authority. The MOF became able not only to oversee all financial sources but also prevent overspending.

As an additional step towards reducing financial management deficiencies, the Mongolian government, applying liberal ideas, decided to introduce the New Zealand model. This was of course to some extent with cognizance of Allen Schick's warning that developing countries with an informal economy and with a relatively weak culture of contract would not benefit from the New Zealand model.¹⁵⁰ The main idea of the reform was output-based budgeting as well as performance-management contracting as mechanisms of making the public sector more accountable, efficient and effective.

Thus two reform concepts were launched and were to be applied at the same time. First, the Treasury Single Account centralized all financial authorities under the MOF. Second, the New Public management reform with the New Zealand model emphasizing devolution of power to agencies and public entities.

Whilst experimenting with the New Zealand model in five pilot agencies¹⁵¹ in November 1999, the government introduced a draft of the *Public Sector Management and Finance Law (PSMFL)* into Parliament. After many debates and amendments to the draft the PSMFL was passed in June 2002. Thus GRP I achieved its expected result of establishing a legal framework for output budgeting and performance contracting in the public sector of Mongolia.

The next phase of Governance Reform Project II (GRP II) aiming to enhance the accountability and efficiency of the public sector, measured by fiscal sustainability was launched soon after. In October 2003, the Asian Development Bank (ADB) approved Loan 2010-MON: *Second Phase of the Governance Reform Program (GRP II)* to Mongolia. It contained programs that were aimed at (i) enhancing institutional capacity by strengthening financial governance norms in the public sector and carrying out PSMFL-related measures for strategic planning and output budgeting in health, education and social welfare sectors; (ii) and mainstreaming governance reforms.¹⁵²

150 Schick, Allen (1998). p. 125.

151 Initial reforms implemented in five pilot agencies: (i) General department of national taxation, (ii) Customs general administration, (iii) State audit and inspection committee, (vi) State administration services council, and (v) National statistical office.

152 Mongolia: Second phase of the governance reform program (2005). Asian Development Bank. p. 1.

Public Sector Management and Finance Law (PSMFL) began its gradual implementation from January 2003. According to the law, annual performance contracts were made between ministers and their departments or subordinated public entities and other suppliers. Budgets were to be allocated for expected outputs rather than inputs or activities. And performance assessment was based on annual reports specifying the outputs at all levels. This was reflective of the fact that contracts were developed by managers, according to the performance contracts they received concerning the budget. So managers on the one hand were authorized for budget spending but on the other hand they were accountable for the products and services they actually produced. Through a contract-like relationship between the government and ministers as purchasers of goods and services, and departments and other entities as suppliers, the government intended to improve accountability in the public sector.

The PSMFL set out the following principles of fiscal management to which budgetary bodies and officials must conform. These are:

1. *Identifying* clearly at the beginning of the year the objectives and outcomes to be achieved.
2. *Delivering* the outputs for the fiscal year on a contractual basis and receiving budget funding.
3. *Appointing* civil servants only on the basis of their knowledge, education, qualification, experience and professional skills through open and competitive recruitment procedures and fairly assess their work performance.
4. *Efficiently* managing the finances and budget and avoiding incurring receivables and liabilities.¹⁵³

As written in the performance evaluation report of the ADB, the full implementation of the output budgeting and performance-management reform idea required the government to make amendments to 40 existing laws directly or indirectly affected by the PSMFL. In addition, by 2008 or after five years of implementation only one law was amended accordingly.¹⁵⁴

However, despite the operationalisation of performance contracts across the government organizations, their impact on public sector performance improvement was not lucidly noticeable. Particularly, how to

153 The Public Sector Management and Finance Law of Mongolia (2002). Article. p. 5.

154 Mongolia: Governance reform program (First Phase). Performance evaluation report. (2008). p. 2.

differentiate costs to outputs from costs to inputs was not clear to public servants. Thus the credibility of performance contracts was questioned. Consequently, “[t]here was always line-item-based control”.¹⁵⁵ Besides, managers of public entities and agencies never did receive budgetary autonomy. The contracts were not as efficient as expected; the formalities associated with development and evaluation of performance contracts at all levels increased the workload very much. Instead of increasing the quality of public services, it just added paper work.

The specification of the outputs from inputs also caused problems in personnel performance assessment. The unclearly specified outputs led to setting unclear performance assessment criteria, subjective evaluations and unfair performance bonuses. As the 2007 Civil Service Census data demonstrated, the application of performance assessment was not evenly administered in Mongolian public organizations. No performance assessment results were available for the 32.6 percent of enumerated civil servants. 20.5 percent of assessed employees got the score A (very good) and 34.6 percent B (good). Only 11.3 percent of the assessed employees got a score lower than good. In general there were tendencies to avoid giving a score below B and to distribute bonuses equally among servants.¹⁵⁶ This scoring may also indicate that pay, reward, promotion as well as employment dismissal decisions were likely to have been not very strongly linked with work results. Thus it did not present a clear picture of which public organization was performing well versus poorly.

Thus it is possible to argue that process-oriented reforms or the reform ideas of improving operational efficiency of the public sector through output budgeting, strategic planning and performance and personnel management have not been implemented in reality as they were intended to.

Apart from that, the government of Mongolia carried out additionally with the NPM reform a *Good Government for Human Security Program*, approved by the State Great Hural (Parliament) Resolution 33 of 2000. The idea of this program was to promote the societal ownership of policy formulation and implementation that can lead to extensive collaboration between the sectors, between central and local public administrative authorities, and between government and citizen. Special consideration was given to work towards coherent organization of activities involving NGOs, the private sector, the mass media, academics and citizens. That

155 Hausman, David (2009). p. 8.

156 2007 Civil service census of Mongolia (Main results) (2008). Ulaanbaatar. p. 206.

would establish societal ownership of policies as well as leading to extensive collaboration between the sectors in implementation and greater policy effectiveness in addition to greater policy comprehensiveness, continuity and sustainability.¹⁵⁷ This broad participation was supposed to create consensus among all major actors, stakeholders, and opinion formers.

The program had eleven fundamental objectives. The objective to remove the governance crisis and create good governance of human security was one of the key objectives. Within the frame of this objective, some policies coherent to the public sector reform policies were elaborated such as those promoting the operation of governing institutions (business approach); improving mechanisms for performance management, financing and planning, reporting and responsibility; creating favorable environment for self-reliant development by decentralizing and empowering local self-governance and local administration; and creating an appropriate mechanism for internal and external monitoring/audit of state organizations. The program was founded by the UN.

In order to make government information and services more open and easily accessible to citizens thereby contributing to the Good Governance initiative, the government issued an *E-Mongolia National Program (2005–2012)* and *E-government Master Plan (2005–2012)*, which encompass most of the e-government initiatives. In this way information communication technologies (ICTs) are broadly used for reducing costs, enhancing transparency and accountability, and improving public service delivery and its administration. Its most important advantage was in offering opportunities to the government to get closer to the citizens, to make its services convenient to citizens, and to widen interaction between citizens and government as well as between the government and the business sector. Since 2005 ICT-based public administration reforms adopted mainly from South Korea, NIPA (National IT Promotion Agency of Korea) started to be introduced in Mongolia. The program encompassed three areas such as government to business (G-B), government to citizens (G-C), and government to government (G-G) areas.¹⁵⁸

As a result the government has been providing information and services online since 2006 through the Open Government portal and other government websites to enhance the accessibility of the citizens and the business sector. The portal has links to e-information, e-participation,

157 Government of Mongolia (2001). Good Governance for Human Security Programme Policy Document: p. 10.

158 The report of Information Communications Technology Authority. (2005). p. 5.

e-consultation and e-procurement. The Open Government portal is the legal place for regulatory documents, decisions of heads of parliamentary appointed authorities and directives, and decisions of the local governments as well as drafts of any laws, and regulations that are subjected to further amendments. This also enables citizens to express their opinions and views freely. Through the e-procurement link, the Ministry of Finance announces that open procurement tenders to the entire citizen and the business community. It also informs about the planned budget and its implementation reports and audit information of each public entity. In this regard, Mongolian e-governance efforts are a big step towards transparency and accountability in public service. But there are still demands for improvement. These are to strengthen the central leadership for integrating ministries and agencies into data centers, to improve the legal environment that regulates interrelation between users, different levels of e-literacy among public employees and to enhance provincial civil servants as well as citizens' access to the internet.

As manifested in medium and long-term state policy and a strategic framework for national development, the performance management concept of the Mongolian public sector reform is to be implemented within the next ten years. The government has defined the *National Development Comprehensive Policy Based on Millennium Development Goals of Mongolia* to be implemented by 2021. The State Great Hural approved it by its Decree No. 12 of January 31st, 2008. One of the six priorities of the National Development Comprehensive Policy relates to the development of state structure and public administration, which aims at improving and fostering an efficient governance of legislative and executive powers to be democratic, transparent, accountable, consistent with the rule of law and interests of the citizens, and effective. The planned implementation measures mostly stress performance-based management, increase citizens' participation in decision-making, and the development of local governance institutions' abilities to independently deal with local issues.

Thus the second phase of public sector reform in response to the financial difficulties in Mongolia significantly changed the course of the reform in terms of public administration and financial management. The reform policies, namely the Single Treasury Account policy, the New Public Management reform based on the New Zealand model, E-governance, and Good Governance for Human Security Program all share a common ground (see Table 7).

All these policies strive for improvement of accountability, effectiveness and efficiency in the public sector. Nevertheless, these reform

policies have slightly different implementation approaches to the problems. For example, the New Public Management idea, especially the output-based budgeting that aims to put more authority in the hands of managers of agencies and local governments in order to make the public sector responsible for its work results, was not very much favored by the single treasury account policy. The performance management idea under PSMFL requires decentralization or individualization of human resource management. But it was not coherent with the career based system that was centralizing and collectivizing all human resource management in the civil service. Every public organization at all levels was entitled to follow the centrally established procedures and regulations. These brought in some incompatibility of legal requirements that subsequently created also ambiguity among civil servants. Arguably, these are the reasons why New Zealand's model indeed did not work in the Mongolian context. The necessary preconditions were not in place. Especially creating a legal framework for reform and changing work culture required a long term approach.¹⁵⁹

Nevertheless, there is a positive impact. The amount of separate funds with their own accounts at banks, which are not subject to direct budgetary control, has been cut. Nowadays all accounts of public organizations stay under control of the State Fund.¹⁶⁰

159 Mongolia: Governance reform program (First Phase), Performance Evaluation Report. (2008). ADB p.vi.

160 “Захиргааны шинэтгэл: асуудал ба шийдэл” сэдэвт бага хурлын материал. (2011). Торийн Захиргаа сэтгүүл No.18 (тусгай дугаар). Улаанбаатар. p: 44.

Policy documents and Projects	Rationale Concepts and Principles
Governance Reform Program (GRP I) (1999–2002)	<ul style="list-style-type: none"> • Improving aggregate fiscal discipline • Strengthening the public sector's budget formulation and execution • Enhancing the public sector's operational efficiency • Addressing the social impact and financing needs of the reforms • Preparing the groundwork for continuing the reforms
Good Government for Human Security Program (2001)	<ul style="list-style-type: none"> • To promote a business-like approach in governing institutions • To foster qualifications and skills of civil servants • To improve efficiency and effectiveness of state entities' business processes, mechanisms for performance management, finance, and to ensure quality and responsiveness of public service to the citizens • To initiate a national productivity movement by the legislative, executive and judiciary branches jointly with trade unions • To strengthen the executive management capacity of the government and to improve its leadership role nationwide • To establish a public management information system and network • To create a favorable environment for decentralizing and empowering local governance • To create appropriate mechanisms for internal and external monitoring/audit of state organizations.
PSMFL (2003–2013)	To introduce outcome-oriented management in the public sector, to promote delivering the outputs on a contractual basis and receive funding
GRP II (2003–2009)	To enhance institutional capacity by strengthening financial governance norms in the public sector and carrying out PSMFL related measures for strategic planning and output budgeting
E-Government Master Plan (2005–2012)	To improve an openness, accessibility of public service, reducing costs, enhancing transparency and accountability, increase interaction between citizens and government
National Development Comprehensive Policy (2008–2021)	Fostering an efficient governance of legislative, executive powers that is democratic, transparent, accountable, consistent with the rule of law and interests if the citizens, and effective

Table 7. Policy documents and projects for the public sector reform (Phase 2)

5.3.3 Phase 3 (since 2012)

On the 23rd of December 2011, the parliament passed the Law on Budget. This law will come into force from January 2013 to replace the Public Sector Management and Finance Law. Thus the course of public administration reform is apparently going to be changed.

The purpose of the Budget Law is “to establish principles, systems, composition and classification of the budget, to implement special fiscal requirements, to define authorities, roles and responsibilities of the bodies that participate in the budget process, and to regulate relations that arise in connection with budget preparation, budget approval, spending, accounting, reporting and auditing.”¹⁶¹ In other words, the Budget Law regulates only relations connected with budget planning, approval, and implementation and reporting processes, therefore personnel policies and operational management aspects which were regulated by PSMFL will not be regulated by this law.

Some terms such as “output class”, “general manager”, and “product” are replaced with new terms. An official responsible for providing day-to-day management of public organizations based upon the performance agreement concluded with the upper level budget body labeled as “general manager”.¹⁶² In the Budget Law, it is now replaced by the new term “budget governor”. This means an official who is authorized to plan budgets for the area within his authority and allocate, oversee, manage and report on the execution of the approved budgets in accordance with legislation. The term “product” was replaced by the term “*program*” and “*activity*”. Arguably, the emergence of the new terms demonstrates the reform’s conceptual shift from managerialism towards the governance idea.

Nevertheless, the government continues its effort to introduce performance management in the public administration. As stated in the Budget Law, direct budget governors and central budget governors will conclude performance agreements with respective upper level budget governors prior to the start of the fiscal year. Performance agreements will reflect each budgetary entity’s programs and activities for the particular fiscal year, their budget, expected outcomes and assessment criteria.¹⁶³ And an input-based budget will be prepared by programs.

161 Budget law of Mongolia (2011). Article 1.

162 Public Sector Management and Finance Law of Mongolia (2003). Article 4.

163 Budget Law of Mongolia (2011). Article 40.

Additionally, performance agreements will be assessed by the upper level budget governor on a semi-annual and annual basis. Based on fulfillment and implementation progress of the performance agreement, the evaluator of the performance agreement shall be able to sanction and/or reward.¹⁶⁴

In conjunction with the Budget Law, the Civil Service Commission is revising the existing regulations. The revised regulations are under discussion now. As written in the revised regulations, a performance agreement will be concluded between the budget governor and the head of units, and with every civil servant. The components of the performance agreement as well as the evaluation grading system (from A “very good” to E “non-satisfactory”) will be used without changes. Thereby, as long as an individual performance assessment is used, public employees will receive grades for their work results. But in the revised regulation, performance result is not tightly connected to performance rewards. Even the relationship between performance result and performance pay is not mentioned at all.

Here arises the question regarding the nexus between performance management and human resource management. To what extent does the new performance agreement differ from the prior performance contract concluded between supervisors and subordinates? How will it be linked with personnel management? Will it be implemented through individualized or collectivized arrangements, especially for selection, appointment, termination of employment, and remuneration?

These questions again concern the compatibility of the legal framework. From this reform civil servants would expect clarified solutions to the problems. This is also what they faced during the NPM reform. Thus the government still needs to find alternative ways to improve responsibility, effectiveness and efficiency of civil servants for their work.

The law clearly defines the functions of the capital city, *aimags* (provinces), districts and *soums* (counties) to be undertaken with local budgets. As mentioned in some official documents, some *soums* or counties with about 2000 inhabitants have a secondary school with just 100 students. So this functional revision will prevent some functional overlapping and will result in reducing public expenditure. It will certainly also contribute to making government organizations accountable or responsible for their responsive functions.¹⁶⁵

164 Budget Law of Mongolia (2011). Article 40.

165 Ibid.

As long as the reform direction is being changed, it will again require changes in organization as well as in management in the near future. In line with the concept of the Budget Law (2011), the personnel management as well as operational management aspects of the public sector organizations will certainly be renewed.

5.4 Civil service in Mongolia

5.4.1 The legal framework

The Law on Government Service was approved on the 30th of January, 1994 and came into effect in 1995. This is the key legal framework for Mongolian Civil Service. It states:

The purpose of this law is to regulate the classifications, principles, government posts and their requirements, conditions of serving a duty, rules, legal status of government employees, and conditions, procedures, and guarantees of government employees of the government service of Mongolia.¹⁶⁶

This law is therefore based on merit principles aiming to establish professional civil service apart from any political party influence. It clearly stipulates which institutions govern the personnel of the public sector and their respective functions. Thus on June 1st, 1995, the Central Civil Service authority or the central agency responsible for supervision of the civil service was set up anew. The Government Service Council (afterwards renamed Civil Service Council) is now responsible for the planning and enforcement of civil service policies, organization of civil service examinations, performance evaluation, and resolution of disputes concerning recruitment, disciplinary action and dismissal. The Civil Service Council is an independent, collegiate body, which consists of three permanent and four non-permanent members. Under the GSC operates the office staff performing daily functions of this central personnel management agency.

The Law on Government Service, based on merit principles, intends to create a career-based civil service in Mongolia. The policy and procedure for recruitment, incentive and remuneration structure of civil servants are developed on the basis of a career-based system. For example,

166 The Law on Government Service of Mongolia (1994). Article 1.

for recruitment the focus is put on initial entry into the civil service and promotion made along the career path only through internal mobility. According to the new law, the first civil service exam was organized in 1996. For the first time after socialism, public employment of Mongolia considered professional skills and qualifications for new recruits instead of political criteria. The grading and compensation systems have been designed to support this career-based system as well. Rules and regulations defined by centralized authority arrange recruitment and termination of employment.

In line with the changes to the public sector reform concepts, the legal framework for the civil service has incorporated new individualized human resource management ideas. Especially the passage of the Public Sector Management and Finance Law (PSMFL), introducing a comprehensive performance management framework across the public sector of Mongolia brought in the idea of delegating human resource management authority to line ministries, departments and agencies. Managers of public organizations, responsible for the public services they produce and for their budget expenditure, were authorized to determine a staffing and salary fund of the budgetary body.¹⁶⁷ Managers were enabled to recruit civil servants only on the basis of their knowledge, education, qualification, experience and professional skills through open and competitive recruitment procedures, and fairly assess their work performance.¹⁶⁸ According to the PSMFL, in 2003 the amendment was made in GSL in order to create a favorable environment for introducing performance management into day-to-day activities of public entities.

Although both laws do highlight professionalism and merit-based principles in recruitment and in remuneration, in fact, they promote different ways of applying these principles. More precisely, the grounding concepts of these two laws are different. The Government Service Law utilizes a centralized, career-based model of civil service on the basis of experiences from Japan, Germany, and Korea. The PSMFL is based upon the New Zealand model fostering the idea of position based system and delegation of authority to an entity. Consequently, the tension between centralized and decentralized legal arrangements on HRM created an ambiguity,¹⁶⁹ especially in personnel and financial decision making.

167 Public Sector Management and Finance Law of Mongolia (2003). Article 17.

168 Ibid. Article 5.

169 Mongolia towards a high performing Civil Service (2009). World Bank. Report No. 50767-MN. p. 4.

In 2008, in order to address common problems pertaining to accountability and to hiring/firing in the public sector, the next amendment was made in the GSL. General managers of all budget entities such as school and hospital directors and managing and executive positions of local administrative organizations that before belonged to the support civil service classification of the civil service were brought into administrative civil service. Most importantly, administrative and special civil servants were prohibited from being members of political parties.

5.4.2 The structure of civil service

In Mongolia, the term “civil servants”, in a broad sense, refers to personnel employed directly or indirectly by the state or public institutions. Therefore, in Mongolia, “civil servant” is a loosely defined term referring to political appointees, general administrative personnel, and state-owned enterprise employees. The Law of Government Service puts Mongolia’s civil servants under the classifications of four-services: (i) the political service, which includes elected officials with their advisors; (ii) the administrative service, which comprises decision making and executive officials at central and local administrations and at government agencies; (iii) the special service which consists of the uniformed services, the judiciary, and staff of audit organizations; (iv) and support service which consists of the civil servants working in mass media and information agencies, training and research institutions, education, science, health, culture, art institutions and state-owned enterprises.

The administrative and special services are classified as the “core civil service” and are governed by the personnel management provisions according to the CSL. The support service personnel are not governed by the CSL. They are required to sign a labor contract with the government and are entitled to the obligations and privileges as defined in the Labor Law. As of January 1, 2012 there were 161,612 actual civil servants. The number of civil servants working in the political services is 2,987 (2 percent), in the administrative service is 161,900 (10 percent), in the special service is 29,892 (18 percent), then in the support service 112,543 (70 percent) (see Figure 6).

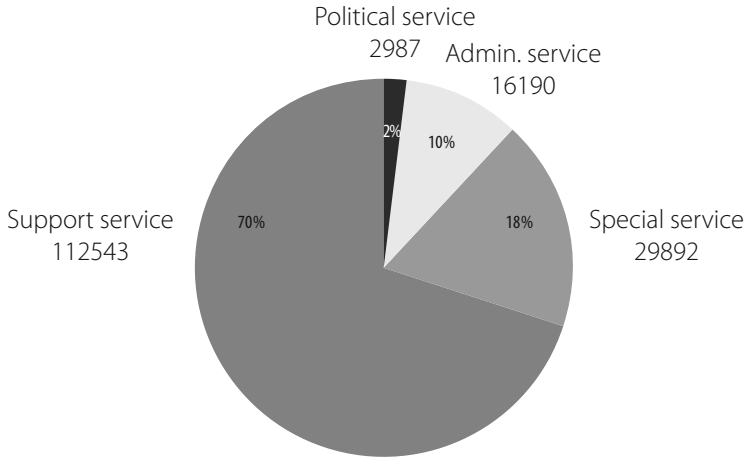


Figure 6. Distribution of civil servants (2012)

Source: Statistical bulletin 2012. Civil Service Council of Mongolia

5.4.3 The size of the civil service

The size of the public sector organizations and the civil service of Mongolia is relatively large. However, as a result of public sector restructuring and downsizing policies the size of employment was reduced in 1990s, although it still remains large. Twelve percent of the total labor force work for the public service and this is much higher than some other Asian countries (see Figure 7). In Mongolia there are 4.4 civil servants per 100 inhabitants.

The necessity of delivering public services to populations living sparsely in the large territory of Mongolia inevitably increases the number of public organizations and the civil service.¹⁷⁰

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Mongolia towards a high performing Civil Service (2009). The World Bank Report. p. 12.

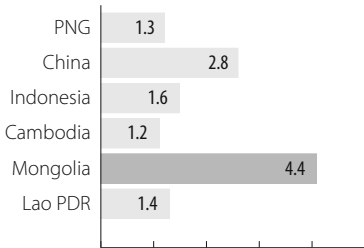


Figure 7. Mongolia's large civil service
*Excludes employees of state-owned enterprises, military and police, and contract staff.

Sources: *Mongolia towards a High Performing Civil Service* (2009). World Bank. p. 12.

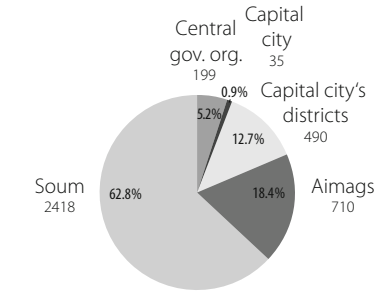


Figure 8. Distribution of public organizations and civil servants

Sources: *Civil Service Census of Mongolia* (2007). Ulaanbaatar. p. 86.

Approximately 5.2 percent of civil servants work for 199 central government administrative and subordinate organizations, 0.9 percent of civil servants work for the capital public administrations' 35 organizations, 12.7 percent of employees work for the Ulaanbaatar city's districts' 490 organizations, and the remaining 81.2 percent for the aimag and soum administrations 3128 organizations (see Figure 8). The large proportion (almost 95%) of government staff employed at sub-central levels may have also resulted from the decentralization policies.

5.4.4 Demographic features of the civil service

The most highly represented age groups of all government employees are 36–40 (with 15.23 percent), 41–45 (with 15.46 percent) and 46–50 (with 15.47 percent). An additional 37.45 percent of civil servants are under the age of 36 and 17 percent above the age of 51 (see Figure 9).

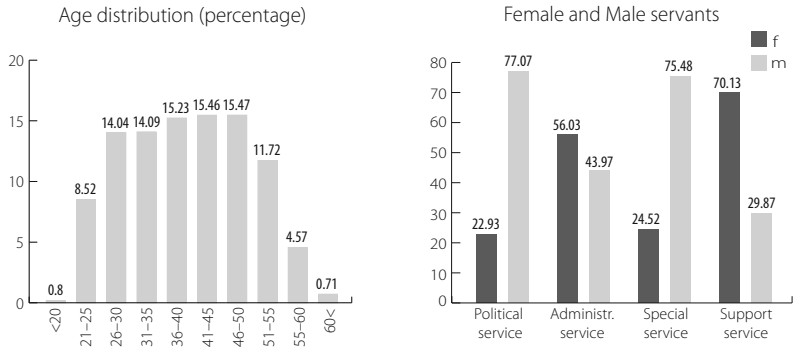


Figure 9. Demographic features of civil servants

Sources: Statistical Bulletin 2012. Civil Service Council of Mongolia

Thus on average there is a rather healthy and balanced repartition of government employees over the different age groups. With respect to the gender balance in the civil service, there are significant differences between civil service classifications. In the political service 77.07 percent of the total are male civil servants, while 22.93 percent of the total are female. In the support civil service the situation is totally different. Females form a majority of the support civil servants at 70.13 percent. In administrative service again males form the majority and females the minority but mostly at lower grades.

5.4.5 The qualification of civil servants

The Figure 10 clearly demonstrates that 1672 civil servants hold a science doctorate or PhD degree, 10220 have master degree, and another 74898 employees hold a diploma, bachelor or a special vocational degree. The aggregation of these numbers indicates that in general the proportion of highly qualified staff is the largest among the civil servants of Mongolia. The geographic distribution of the educational qualifications of the civil servants is relatively equitable or there are no significant big differences between the capital city Ulaanbaatar and aimags or provinces (see Table 8).

Location	Science doctorate	PhD	Master	Bachelor	Higher diploma	Special Vocational	Complete Secondary	Secondary	Primary	None	Total
Ulaanbaatar	0.4	2.9	15.8	29.0	15.3	16.3	14.6	4.2	0.6	1.0	100
Aimags	0	0.2	4.6	29.3	15.1	22.4	19.3	7.7	1.1	0.3	100
Ulaanbaatar	19.1		44.3		30.9		4.8		1.0		100
Aimags	4.7		44.5		41.7		8.8		0.3		100

Table 8. Education level comparison of civil servants (percentage)

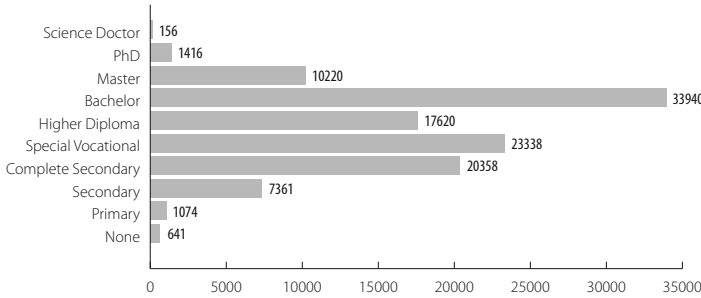


Figure 10. Education level of civil servants

Sources: Civil Service census of Mongolia (2007). Ulaanbaatar. p. 185.

5.4.6 Further civil service reforms

In accordance with the PSMFL and the GSL, the State’s Great Khural decreed in its resolution No.24, on 30 April, 2004 the Medium-Term Civil Service Reform Strategy. The mission defined it as “oriented to meeting the needs of citizens, flexible in responding to changing circumstances, proactive, lean, capable, and outcome-oriented.” These missions will be achieved through four key strategic priorities of civil service reform that (i) strengthen the strategic planning and performance management capacities of state and budgetary organizations; (ii) implement transparent, competitive selection for senior managers and develop their leadership skills; (iii) develop organization and human resource management; (iv) ensure the optimal size of the civil service, and modernize the remuneration system of civil servants.¹⁷¹ The government is focusing its reform activities on the first two strat-

egies but currently the focus is shifting towards the latter two strategic priorities.

The Mongolian civil service has a common grade and pay system determined by the centralized authority. Based on that, budgetary entities are entitled to determine pay. The overall pay of civil servants is a combination of pay for position/basic pay, allowances calculated as a percentage of pay for position, extra payments, and performance bonuses.¹⁷² The grade structure and pay scale provides the needed logically designed framework for a more transparent and objective decision on pay settings. The key question to concentrate on is whether the principle of equal pay for equal work is adhered to in the Mongolian civil service. Unfortunately, the grading structure is not based on any systematic job evaluation analysis. Similar jobs with similar responsibilities have, however, been posted at different grades or position classifications, depending on the organizational status to which the job belongs. As a consequence, civil servants performing the same work with similar results receive different pay, which reflects the horizontal inequality.

This horizontal inequality is exacerbated by allowances and extra payments as they are calculated as a percentage of basic pay. For example, allowances and extra pay to make up about 30 percent of total compensation for administrative service. This number for support civil servants reaches up to 50 percent. However, the grading and pay system has a centralized nature, with respect to NPM reform, and public organizations are accorded greater flexibility in pay setting. Thus managers are entitled to use their discretion in setting pay. It is questionable whether pay decisions are based on the nature of the job being performed or on personal aspects. Thus the managers of budgetary entities have taken on certain discretions over compensation through allowances, and extra payments to officials. This inevitably blurs transparency. The next factor affecting the inequality in pay is the variety of allowances and extra payments by public sectors. Additional allowances that were created by the Ministries in order to

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A length of service allowance from 5 percent of base pay for 5 to 10 years of service to 25 percent for more than 26 years; A higher academic degree allowance at 15 percent of base pay for civil servant with doctoral degree; A rank allowance from 10 percent to 35 percent of basic pay. The total amount of the sum of the allowances cannot exceed 40 percent of the whole salary. Monetary rewards or performance bonuses make up to 40 percent of the monthly salary and are awarded quarterly. Extra payments consist of overtime for working beyond the daily 8 working hours, for additional duties, food, and transport subsidies.

increase the compensation of civil servants in their respective sector varied the wage combination by sectors as well.¹⁷³

In this regard, the government of Mongolia concentrates its civil service reform efforts towards a simplification of pay structure through merging allowances and extra payments into basic pay,¹⁷⁴ towards a job-based pay system in which employees are paid according to the responsibilities of the jobs they perform, and towards a centralized payroll administration that would afford the central government an ability to control the wage expenditure of the overall public sector.¹⁷⁵

The civil service reform's trend also emphasizes developing a human resource management system that fosters professionalism in the public sector based on the merit principle. Thus it aims to develop human resource management where knowledge, skills and competence are the basis for all kinds of personnel related decisions.¹⁷⁶ In line with NPM reform the merit principle is emphasized very much in decisions of selection and recruitment for the senior administrative positions and career advancement. Nevertheless, the state of the merit principle implementation in civil service still needs to be improved. Hiring into the civil service based on political affiliation, reassignment or pressure to resign because of political affiliation, pressure to contribute to campaigns, or “buddy system” and nepotism are all common types of merit principle abuse¹⁷⁷ still existing in the practice of the Mongolian civil service as well. Therefore, to ensure protection of civil servants from political influence as well as from other abuses of the merit principle in personnel decisions, there is a need to embed the value of professionalism in all functions of human resource management such as recruitment, appointment and promotion, and dismissal, position grade, pay, reward system, training and personnel development policy and performance evaluation and reward. This is one of the initial steps that can be taken to incorporate the merit principle in the civil service. The first most important step towards this reform was made in 2008 by the amendment

173 Mongolia towards high performing Civil Service (2009). The World Bank Report, Ulaanbaatar. p. 17

174 ЭЗЧБТЗ-ийн тослийн “Торийн захиргаа, торийн албаны шинэтгэл” 2а бүрэлдхүүн хэсэг. Цалингийн харьцуулсан шинжилгээний тайлан (2007). Улаанбаатар. p. 38

175 ЭЗЧБТЗ-ийн тослийн “Торийн захиргаа, торийн албаны шинэтгэл” 2а бүрэлдхүүн хэсэг. Цалингийн харьцуулсан шинжилгээний тайлан (2007). Улаанбаатар. p. 17.

176 Зувбэрэллхам. Д. (2011). “Монгол Улсын Торийн албанд мерит зарчмыг толовшуулэх нь”. Торийн захиргаа онол арга зүйн сэтгүүл (18). p. 30.

177 Ban, Carolyn and Redd, Harry C. (1990). The state of the merit system perceptions of abuse in the Federal Civil Service. Review of Public Personnel Administration. Vol.10 (3). p. 56.

to the Law of Government Service. It requires all civil servants to be non-partisan and prohibits civil servants' participation in political election campaigns. The start of making the civil service politically neutral is a big success, however, the tight connection between administration and political parties still exist in practice. This separation of administration and politics is not easy to implement in reality. Non-politically partisan civil service faces the challenges of balancing two different values such as professional autonomy and responsiveness to the policies. This is possible in democratic society through its legitimacy.¹⁷⁸

5.5 The new values to be introduced in public management

The values of Mongolian public service are in a state of major change. To ensure a sustainable, long term development of public services there is tremendous need for an enduring framework or clearly stated values that guide managerial decisions in this changing environment.¹⁷⁹ As discussed previously, for more than 70 years Mongolia was ruled by totalitarian and authoritarian rule with a heavily centralized government and administrative structure. In 1960 the Mongolian constitution openly confirmed that "the fundamental principle of the organization and activity of all State organs is democratic centralism".¹⁸⁰ Then, in 1992 the new democratic constitution proclaimed a parliamentary democracy that places a premium on human rights and personal freedom. This statement lays down the conceptual foundation for democratic development.

Since the public service is responsible for a larger part of state activities, one of its major roles is to maintain confidence in the state policy of establishing democracy in Mongolia. A democracy that is different from democratic socialist ideas, it intends to guarantee equal opportunities for everyone rather than equal conditions for everyone. In line with this

178 Matheson, A. et al. (2007). "Study on the political involvement in senior staffing and on the delineation of responsibilities between ministers and senior civil servants", OECD Working Papers on Public Governance, 2007/6, OECD Publishing. p. 5.

179 Podger, Andrew (2002). "The Australian public service: A value-based service." IPE Biennial conference "Reconstructing the public interest in a globalizing world: Business, the professions and the public sector Brisbane. p. 2.

180 Ginsburgs, George (1961). "Mongolia's "Socialist" Constitution." Pacific Affairs, Vol. 34, (2) (Summer,1961). p. 141.

statement, profound changes were made in laws and regulations embedding democratic concepts. What preferences/values are laid down in legal documents, and which of them are emphasized more in the public sector management is one of the main research objectives of this study.

In order to examine the values embedded in the current formal institutional arrangements, it uses the categories of public service values that are defined by Kenneth Kernaghan. Kernaghan provides a more comprehensive and broad list of values. It encompasses traditional values as well as the values associated with new public management reform¹⁸¹ (Table 9).

Democratic values	Ethical values	Professional values	Peoples' values
Rule of law	Integrity	Effectiveness	Caring
Neutrality	Fairness	Efficiency	Fairness
Accountability	Accountability	Service	Tolerance
Loyalty	Loyalty	Leadership	Decency
Openness	Excellence	Excellence	Compassion
Responsiveness	Respect	Innovation	Courage
Representativeness	Honesty	Quality	Benevolence
Legality	Probity	Creativity	Humanity

Table 9. Categories of public service values

Source: Kernaghan, Kenneth. (2003). "Integrating Values into Public Service: The Values Statement as Centerpiece." *Public Administration Review*, Vol. 63 (6). p. 712.

Table 10 shows the categorization of values. In the first column of the table the major policy documents, reform programs and projects that have been discussed earlier are listed in chronological order, starting at the bottom from 1992 to the present at the top. In the bottom row of the table four types of values are written. Here a few values from Table 9 that are not stipulated in the Mongolian policy documents are replaced by other values that are stated in the legal documents.

These policy documents do not contain the word "value", but they state main principles or missions which also refer to values. However, the term 'principle' is a broader concept than the term 'value'. The two are very often used interchangeably in policy documents. For example, democracy, justice, freedom, equality and national unity and respect of law are labeled as either principals or values. Thus the research regards them as values and its rationale is elaborated on in further chapters.

The government through its contemporary formal institutional arrangements such as in the GSL, PSMFL and the Ethical Code of the core civil services intends to set up a public administration pursuing

four types of values (democracy, ethical, professional and peoples' values) more or less in a balanced way with slight emphasis on ethical and professional values.

In the first four rows of the table are the policy documents which outline a renewed structure of government and new trends in administration. It covers a time period from 1992 to 1996. The constitution (1992) defined the Main Principles of State Activity of Mongolia as giving "... effect to *democracy, justice, freedom, equality and national unity and respect of law*".¹⁸² The constitutional statement primarily comprises democratic values. It also provides ethical and peoples' values. "Core civil servants of Mongolia ... shall strictly abide by the Constitution and other laws and work for the benefit of the people and in the interests of the State". Thus universal public service values were inserted.

According to the constitution, the main civil service principles were articulated in the Law on Government Service (2002). It states that government service shall be guided by seven principles/values that belong to democratic values (transparency, equality, service to the public) and professional values (high qualified and stable government services). Besides this, it obliges core civil servants in their duties to be free from any political influence and serve in a neutral manner and be intolerant to any illegal and unfair behavior of officials.¹⁸³ Public sector reform policies have further highlighted certain values. For example, the Policy Paper introduced new values. The government relies more on the ability of managers and a "let them manage" motto. This reform should be guided by values such as customer oriented services, strong working and partnership relations, trust and respect, leadership and vision, strong entrepreneurial innovative and creative management, continuous improvement and experimentation, loyalty, dedication and commitment to quality/value-for money, professionalism, integrity, judgment, discretion and excellence.¹⁸⁴ Market-type relations introduced in the public services highlighted the values concerning managerial empowerment and flexibility.

182 The Constitution of Mongolia (1992). Article 2.

183 The Constitution of Mongolia (1992). Article 4.

184 Mongolian State Policy on Reforming Government processes and the General System of Structure (1996), p. 18.

The Budget Law (2012)					*	*		*											
National Development Comprehensive Policy (2008–2021)					*	*		*											
Ethical code (2011)	*	*	*	*	*			*											
E-Mongolia National Program E-government Master Plan (2005–2012)					*	*													
Medium Term Civil Service Reform Strategy (2004)				*							*								
GRP II (2003–2009)					*	*													
Good Government for Human Security Program” (2001)											*	*							
The PSMFL (2002)					*														
GRP I (1999–2003)					*	*													
The Policy Paper (1996)	*							*						*					
The LGS (1994)				*	*			*											
Management Development Program (1993)																			
The Constitution (1992)				*				*	*				*	*	*				
	Integrity	Fairness	Honesty	Equality	Accountability	Transparency	Loyalty	Participation	Rule of law	Neutrality	Openness	Responsiveness	Representation	Justice	Freedom	National unity	Equity		
	Ethical values							Democratic values											

Table 10. Public sector values stated in policy documents and programs

The Budget Law (2012)		*											*			
National Development Comprehensive Policy (2008–2021)	*	*											*			*
Ethical code (2011)													*			
E-Mongolia National Program E-government Master Plan (2005–2012)	*	*											*			
Medium Term Civil Service Reform Strategy (2004)	*	*											*			
GRP II (2003–2009)	*	*														
Good Government for Human Security Program” (2001)	*	*	*				*									
The PSMFL (2002)															*	
GRP I (1999–2003)																
The Policy Paper (1996)			*	*	*	*	*						*		*	
The LGS (1994)							*	*	*	*	*	*	*	*		
Management Development Program (1993)																
The Constitution (1992)									*				*			
	Effectiveness															
	Efficiency															
	Leadership															
	Excellence															
	Innovation															
	Creativity															
	Quality															
	To administer and be administered								*				*			
	Gov-t guarantee, condition															
	Compensation for damages															
	Serving the people															
	Stability															
	Professional Knowledge															
	Benevolence															
	Humanity															
		Professional values						People values								

The efforts of the second phase of the reform are based upon the NPM reform idea, with greater focus on performance results together with managerial autonomy. Thus, in Table 10, starting from the GRP Phase I, values such as accountability, transparency, effectiveness, efficiency, and service to the people are assigned expressly to their central place among other values to be introduced into public sector management. However, the NPM reform idea is no longer on the agenda of the reform process as these values will keep their priority status in further reform policies.

More precisely, the Budget Law promotes accountability and efficiency of public sector activities through citizens' involvement in decision making and in monitoring as well as through transparency. Interestingly, democratic values such as openness, justice and participation that currently have been emphasized in the public sector reform policy are not even listed in a word. Figure 11 demonstrates how the concepts or principles have been changed according to the public sector reform phases. Many values remain unchanged across the reform phases, namely serving the peoples' values of accountability, transparency, efficiency and justice. Many project activities supported by international agencies have intended to contribute to the development of mechanisms and conditions for implementing those values. However, the meaning as well as the application strategies of these values changes regarding the policy reform. For example, during the centralized career-based reform period, public servants were held accountable to provide information and explanations to a superior authority in the execution of their functions.

In the NPM reform period accountability was understood as being answerable for the consequences of one's own performance before the general manager. This is very much associated with being responsible for work results or for the performance of the contract. The latter reform, according to the Budget Law, introduces a second dimension, resulting in vertical as well as horizontal accountability of public organizations. Now individual administrators and public organizations are accountable before a superior authority as well as before the citizens and social groups.



Figure 11. Conceptual changes of the reform policies

5.5.1 Accountability

Accountability and responsibility are understood as synonymous and refer to such concepts as answerability, liability and virtue. Effective accountability entails the following components: First, responsibility as “capacity” usually refers to the ability or to the authority to act. Second, responsibility as “accountability” or “answerability” refers to the requirement for public officials to provide information, explanations, and justification concerning how they used their authority and resources, and what was achieved with them. Third is responsibility as liability, which is needed for predictable and meaningful consequences of one’s own acts or acts carried out by others.¹⁸⁵ The consequence is fixed by law. The fourth responsibility or “virtue” Bovens (2007) called an active responsibility, or responsibility-as-virtue, because it has to do with the standards for proactive responsible behavior of actors. This behavior is carried out by conscious and correct attitudes or performance which

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Bar Cendon, Antonio (1999). Accountability and public administration: concepts, dimensions, development. In: *Openness and transparency in governance: Challenges and opportunities*, Maastricht, The Netherlands, p. 25–26. available at <http://unpan1.un.org/intradoc/groups/public/documents/nispacee/unpan006506.pdf>; accessed on 13. July 2012.

takes into account all the possible circumstances and consequences of the action, and is also abiding by the law.¹⁸⁶

In the public administration practices financial and administrative accountability are emphasized. Financial accountability refers to an obligation to report on the use of resources. Administrative accountability relates to the internal examination system of the government such as service standards, ethics codes, and administrative inspection. Changes in accountability suggest that there have also been changes in the operation of accountability mechanisms such as professional codes, accounting standards and contracts.

5.5.2 Transparency

Accountability and transparency are closely linked to each other. “Transparency is built on the free flow of information. Processes, institutions and information are directly accessible to those concerned with them, and enough information is provided to understand and monitor them”.¹⁸⁷ Transparency is both a norm and an instrument, writes Dror. As a norm, transparency is part of the value system of liberal democracy and of human rights, which provide for the right of citizens to know what is going on in governance and for the duty of government to be transparent. It is also an instrument promoting more efficiency and effectiveness by forcing the government to be more careful.¹⁸⁸ Openness completes the continuum of accountability and transparency since it discloses processes and procedures, and makes all information available for others. It constrains holders of public office from becoming financially dependent on outside sources and requires them to obey national regulations and maintain law and order.

186 Bovens, Mark (2007). Public accountability. In: Ferlie, E.; Lynne, L. and Pollitt, C. (eds.), *The Oxford Handbook of Public Management*, Oxford: Oxford University Press. p. 25.

187 *Public Administration and Democratic Governance: Governments Serving Citizens*. p. 318.

188 Dror, Yebezel (2012). “Transparency and openness of quality democracy.” p.62. available at <http://unpan1.un.org/intradoc/groups/public/documents/nispacee/unpan006507.pdf> accessed on 14. July 2012.

5.5.3 Serving the people

The creation of conditions which enable the administrative authority to interact effectively with citizens to manage government affairs within their community in order to raise standards of living. Through active participation of citizens in policy making and social auditing of public services it would contribute to the establishment of societal ownership. These are the main ideas of this principle.

5.6 Challenges of public sector management reform

5.6.1 Inconsistency of reform policies

As generally understood, public sector reform in Mongolia also aims at “changing the interlocking structures and processes within the public sector that define how money, people and physical resources are deployed and accounted for.”¹⁸⁹ Despite this dictum, the preconditions and demands for reform were very different for the Mongolian public sector. As in most transition countries, the reform was coupled with transpositions of legislations and government system restructuring. It was particularly triggered by political and economic radical reforms in the country. It was not only the issue of enhancing management effectiveness or efficiency of the public administration, it was reforming the existing system based on fundamental principles of democracy, which were new for everyone.

Hence, seeking the appropriate reform model, the government experimented with public management’s international best experiences. This often brought in different concepts and incompatible statements that sometimes not only brought confusion to the public officials, but also required changes in the reform strategies. The requirements to detach from old policies and attach to new ones created tensions across the entire public sector.

Aside from that, existing evidence suggests that the reform strategies aiming at bringing changes into the structure, process, and staffing of the public sector require more consistency between them. This is be-

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World Bank (2009). *The World Bank Approach to Public Sector Management 2011–2020: Better results from public sector institutions*, p. 3.

cause changes in each of them have a potential to affect other elements of the entire public sector system. Besides, each one is vulnerable to influences from others. The figure below shows the relation between public sector reform elements.

In addition to that, not all reform policies fit well into the existing culture of the public sector in Mongolia. For example, the performance management idea promoting accountability of individuals not very well matched to the culture of collectiveness. Thus performance evaluation and performance-related pay ideas were indeed just a mere formality. They were not even implemented in most public organizations.

5.6.2 The influence of socioeconomic factors

Ample evidence shows that people still have not detached themselves from the socialist way of life. Preserved socialist beliefs and values still have a deep impact on daily work relations. People are still willing to have “big brother” providing security for life. They expect solutions and decisions for every life situation to come from above (from the government) as it was in former socialist times.

In 2003 and 2006 the Academy of Political Education of Mongolia in collaboration with the Asian Barometer Survey research team conducted a nationwide survey to analyze the nature of democratic optimism and pessimism and public opinion on political values, democracy, and the governance of Mongolian society. Comparative results demonstrated that within three years (from 2003 to 2006) in general, the preference for democracy or satisfaction with democracy has been declining, while on the opposite side, preference for the authoritarian government from former times has gone up. This empirical evidence indicates that most Mongolians have yet to detach themselves from authoritarianism even after a decade of democratic rule.¹⁹⁰

As the research results indicate above, there exists a general tendency of preferences among Mongolians. It is possible to argue that public employees might share such preferences too. Therefore, the rising scores for the former authoritarian regime might be a product of the disturbances of social stability such as unemployment, poverty, corruption and stratification of social classes. People’s willingness to have almost everything be determined from above reflects a lack of feelings

190 Gamba, Ganbat (2004). “The mass public and democratic politics in Mongolia, A comparative survey of democracy, governance and development.” Working Paper Series №29. Asian Barometer Project office, Taipei. p: 27.

of personal responsibility. This translates into a weak feeling of ownership for societal development, one of the most crucial preconditions for adopting new democratic values into public sector administration.

5.6.3 The political influence on public management

Political influence upon administrative decision-making obviously affects the implementation of values such as democracy, accountability, equality, equity and professionalism. Especially if there is a tendency to practice tight relations between the administration and politicians as it was in former times, to introduce those values with democratic ideas will be challenging. Interestingly, public officials in Mongolia in general are very much attached to the political life of the country. Every administrative as well as personnel decision is always interpreted from the view of political party affiliation. Civil servants as well as citizens are fractioned by political party affiliation, from conservative communist party alliance to liberal democrats. Fractions among public servants according to party affiliation very often brought struggles in the functioning of the administration at all levels from central government to local.¹⁹¹

Current common problems are that some political and administrative elites try to make the public sector serve their or their supporters' interests through giving contracts or licenses to party-affiliated people, procurement in higher prices, reward or buying higher positions for their own people¹⁹² thereby allowing corruption to flourish. The public sector of Mongolia faces these problems as well. Hiring and firing in accordance with political party affiliation, as well as business group interest, in fact blocks the reform process and fosters nepotism and cronyism in the public sector. Once appointed or employed in the public service, employees are then protected from removal on political grounds. As Frederick Mosher writes, "If individual officers are to be chosen to represent certain interests and points of view, clearly a merit system premised on the efficiency and mastery of knowledge and skills appropriate for specific jobs is not adequate."¹⁹³

191 Damiran, Tsedev and Pratt, Richard (2005). p. 5.

192 The World Bank approach to public sector management 2011–2020: Better results from public sector institutions (2012). p. 5.

193 Mosher, Frederick C. (2003). "Democracy and the public service." In: Representative bureaucracy; classic readings and continuing controversies, edited by Dolan, J. and Rosenbloom, D.H. Armonk, NY: ME Sharpe. p. 19–22.

Political appointees in local governments, for example the chair of Mongolia's 21 provincials' assembly, the chairperson of the Ulaanbaatar City Council, and the leaders of administrative subdivisions within provinces, administration divisions in Ulaanbaatar, in smaller cities, and in townships, are normally assigned by the central government or 'from above'. Not only appointed positions but also decision making level positions in the public sector are frequently used by the ruling party as a reward to faithful members. The number of appointed positions as well as the number of public servants is always subject to drastic change along with the turnover of the ruling party. For example, since 2008 when the coalition government was established, senior and executive officers saw the sharpest growth in number. During these last four years the civil servants' total number gradually increased by 15,421 and reached 155,679. Still, central administrative civil servants increased by 7,488 between 2008 and 2011, when the coalition government was in power, as well as local government civil servants by 6,370 (Table 11).

	2008	2009	2010	2011	Differences (2008–2011)
Central governance	45,385	48,913	51,572	52,873	+7488
Local governance	71,531	71,952	76,080	77,901	+6370
Municipality	23,342	23,184	20,571	24,905	+1563
Total	140,258	144,049	148,223	155,679	+15421

Table 11. Changes in the number of civil servants (2008–2011)

Sources: Statistical Bulletins from 2008 to 2011. Civil Service Council of Mongolia.

It is noted generally that higher positions in the administrative service are more vulnerable to political interference. From 75 % to 90 % of the top three grades in the administrative service, such as leading principal and senior officers (with job titles such as state secretary, head of ministry department, deputy head, head of ministry division, section and senior experts) have been in their current position for four years or less, which demonstrates high turnover.¹⁹⁴ This high turnover of personnel always results in a weakening of the organizational capability that is needed for accommodating new reform policies.

Thus, the insulation of the civil service from political patronage is a crucial ingredient for driving change processes successfully towards democracy. For this purpose, as mentioned before, in 2008 amend-

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The World Bank (2009). Mongolia Towards a High Performing Civil Service. The World Bank Report No. 50767-MN. p.VI.

ments were made to the respective laws. Now core civil servants or administrative civil servants are not allowed any political party membership. They must be appointed and promoted on the basis of merit; and they must not engage in any political activities. From Table 11 it is apparent that despite tremendous efforts, the reality is still far from the rhetoric.

5.6.4 Maladministration in public organizations

“Administrative action (or inaction) based on or influenced by improper considerations or conduct of public employees”¹⁹⁵ occur commonly in practice. Usually the misconducts do concern actions of individuals that are supposed to work in accordance with the law. Nevertheless, as discussed above, incompatible laws or reform programs, projects conditioned by foreign consultants sometimes also cause maladministration.

One of the evidences is that the reforms initiated at the upstream level or central government level and imposing laws and regulations were not implemented in practice. As stated in the *World Bank Approach to Public Sector Management 2011–2020*, reform results were not fulfilling the expectations of change because the day-to-day decisions and actions of managers at all government levels remained almost the same with very little change.¹⁹⁶

Differences in the understanding of the reform concepts inevitably cause the weak implementation. Front line managers interpret new policies and legal frameworks based on their own longstanding experiences and understanding. Whether the often emphasized terms such as efficiency, effectiveness or accountability have the same meaning for all public officials is questionable. Does it match with what policy makers had in mind while they were designing reform strategies? For example, if public officials, especially at the local level understand that centrally determined policies with strong control from above ensure efficiency and effectiveness in the public sector,¹⁹⁷ would it be favorable for implementing decentralization policies, and would they adopt empowerment ideas formally and implement them?

195 Wheare, K.C. (1973). Maladministration and its remedies. The Hamlyn Lectures, Twentyfifth series. Stevens & Sons Publication. London. p. 11–19.

196 The World Bank Approach to Public Sector Management 2011–2020: Better Results from Public Sector Institutions. The World Bank Paper. p. 5.

197 Steiner-Khamsi, Gita and Stolpe, Ines (2004). p. 5.

These public sector reforms made a profound change in the public management of Mongolia in general. However, from the perspective of the radical change model, due to a number of reasons these reforms were not fully successful. The implementation of the reform as usual needs not only support from the political and administrative leaders but it also requires an acceptance from the people who are willing to make it work. To inspire them and to foster their understanding a “social learning” must take place for the purpose of explaining what problems are going to occur and how they will be solved with reform actions. The primary goals of the reform process are very much dependent on an enactment into law, administrative decrees, creation or reorganization of bureaucratic structures, or procedural or regulatory changes. Thus social recognition and acceptance of the reform idea is missing in the case of Mongolia.

5.7 Summary and conclusion

Since 1992 Mongolian public administration reform has been implemented in three phases. In the first phase, the government strived to introduce a traditional career based system of public administration. It also applied some management principles, particularly private sector management ideas, including efficiency and effectiveness in utilizing public resources, and managing by strategies. Then in the second phase from 1997 to 2011, the NPM concept, particularly the New Zealand model, was introduced. This period focused on the application of outcome-oriented management, performance management and contract management and delegated the power to the line managers. Also the public and private partnership sectors were introduced into practice. The third phase starting from 2012 shifted the reform focus toward making public services more citizen-oriented and holding public organizations responsible for their activities to the public as well as to other institutional stakeholders.

The reform ideas were usually initiated upstream, but they were not always implemented downstream as expected. Indeed, the routine work of managers at all government levels remained almost the same with very few changes. Only some formalities such as developing contract or business plans were performed. This weak implementation of the reforms resulted from causes such as the inconsistency of reform policies with the existing nature of the administration, the incoherence of

policies, political influence on public management, and maladministration and misbehavior of public officials.

The fundamental comprehensive principles of State activities are contained in The Constitution (1992) and in the Law of Government Service (1994). These are *democracy, justice, freedom, equality and national unity and respect of law, accountability, and transparency*. In particular, there are no clearly defined activities to align with those values and actions. The question is how to embed them in the culture and operations of the public service, and which institution will be in charge of assessing their implementation. Thus integrating those stated values into the structure, processes, and systems of the public organizations require serious consideration.

The Mongolian civil service, which is the main force in making these values a shared belief system and an integral part of the culture, is relatively large and very well educated. Aside from these advantages there are also some disadvantages. Approximately 81.2 percent (62.8% in soum and 18.4% in aimag) of them work for local government organizations and only 18.8 percent work in the capital city. Merit principles are the basis for all kinds of personnel related decisions. However, inconsistency of legal documents, particularly the laws with centralized and decentralized arrangements, creates an ambiguity in personnel management decisions. At the same time, political influences and high turnover after political elections have undermined effects on the culture of public organizations.

6 Cultural context of public sector organizations'

6.1 Introduction

The national culture, the historical path of Mongolian statehood and its present public sector reforms as factors affecting public sector organizations are discussed in the previous chapters. However, every organization responds to these factors in its own unique way, thereby creating its own culture.

This chapter focuses on the informal environment within public administration and education sector organizations. An understanding of this cultural environment will allow for a better consideration of the successes and failures in public sector management. The overall objective of this chapter is to scrutinize the internal cultural environment of public sector organizations. Based on concepts from cultural theory, it strives to find out which one of the four types of culture (hierarchy, egalitarianism, fatalism, individualism) is dominant in the public organizations of Mongolia. This chapter begins with a discussion of Hood's idea to apply cultural theory to the analysis of public management. Then it presents the cultural type survey results from 878 respondents. The findings will be useful for making predictions about the management values and work values of public employees. Then it concludes with the brief discussion and summary.

6.2 Cultural contexts and public sector change

Since the 1980s, results-driven, manager-oriented approaches have been introduced into the public sector management of developed as well as developing countries. The success or failure of a public institution's reform policies were very often connected to the degree of applicability of those policies in a particular cultural context. A thorough understanding of what exists on the ground level, so to speak, is inevitably needed in order to work out and effectively apply any analytic public administration reform tools. This idea is highlighted in the World Bank's documents

emphasizing good fit rather than any one-size-fits-all notion of best practice.¹⁹⁸ Likewise, choosing reform policies congruent with existing cultural contexts or reshaping existing reform policies to better fit their context is now becoming a challenge for all public sector managers.

S. H. Schwartz writes that work goals are closely related to the prevailing values in a society. He argues that the goals chosen by managers to motivate workers will be more effective if they are compatible with their culture. Organizations differ in their history and culture. Therefore, no one goal will be accepted similarly in every organization, and even separate work groups within one organization react differently from each other. This means that no one work goal in particular is likely to be the most effective across all cultures.¹⁹⁹

However, at the present time there exists no explicit theory to explain the interrelation between culture and public management. Seeking to explore a cultural influence upon public management in lieu of this, two prominent theories of culture may be used. Geert Bouckaert applies Hofstede's cultural theory to public management research, and Christopher Hood uses the grid-group cultural theory of Mary Douglas in his explanation of the differences in public management.²⁰⁰

Geert Bouckaert uses a layered vision of culture, which provides a broader view of the interaction between culture and organization. Macro-cultural elements cover the most general aspects such as traditional ways of living, a societal structure shaping patterns of thinking, language and time conditioning, as well as socioeconomic development that have the potential to shape management thinking. From a meso-level perspective, administrative and professional cultures have an impact on public organizations through regulations, their own professional standards, rules and norms and also through network relations. At the micro- or organization level, Bouckaert's study focuses on single organizations. Here, mostly culturalist and functionalist approaches describe the underlying assumptions of culture as a management tool to change and improve the effectiveness of the organization. Finally, nano-culture refers to single parts of an organization or particular jobs.²⁰¹

198 Manning, Nick; Mukherjee, Ranjana and Gorcerus, Omer (2000). Public Officials and Their Institutional Environment: An Analytical Model for Assessing the Impact of Institutional change on Public sector performance. World Bank Working paper. p. 1.

199 Schwartz, Schalom (1999). "A theory of Cultural values and some implications for work". Applied Psychology: An International review. Vol 48 (1). p. 43.

200 Schedler, Kuno and Proeller, Isabella (2008). p. 31.

201 Bouckaert, Geert (2008). "Cultural characteristics from public management reforms worldwide." In Cultural aspects of public management reform. ed. by Schedler, Kuno and Proeller, Isabella. Amsterdam. Elsevier JAI. p. 31.

As Bouckaert discusses, culture at all levels determines value. Values in turn determine attitudes. Attitudes then determine behavior, that is, any form of human action, which results in social practices.²⁰² Finally, human actions bring about changes in culture (see Figure 12).

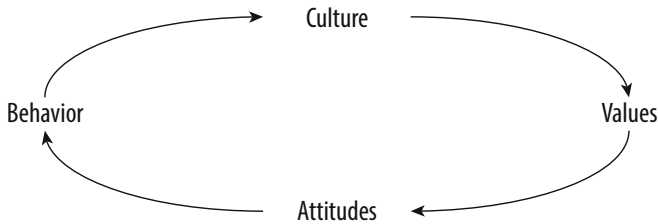


Figure 12. The influence of culture on behavior

Source: Bouckaert, Geert (2007). "Cultural characteristics of public management reforms worldwide," In: *On cultural aspects of public management reform*, ed. by Schedler, Kuno and Proeller, Isabella. Amsterdam. Elsevier JAI. p. 33.

In *The art of the state*, Christopher Hood applies the analytical framework of the grid-group cultural theory to explain that there cannot be one-size-fits-all recipes in public management. He argues that four different 'ways of life' are likely to have their own inbuilt characteristics and views, namely hierarchist, egalitarian, fatalist, and individualist. Naturally, different views perceive the same situation differently. Thus, what counts as a "problem" for one is not likely to be so for another; what one chooses as a "solution" can be absolutely unthinkable for another.²⁰³

Each cultural type is expected to have its own preferences. The differences in preference may become a source of conflict. People adherent to certain preferences are keen to reinforce their own way of life and to destabilize that of their opponents.²⁰⁴ Hereto, when people meet others with opposing preferences or face changes from different conceptual perspectives they usually criticize or resist them in an active or passive manner.

As Hood claims, cultural theory helps us to understand why there is no generally agreed-upon answer to the question "who should manage whom and how" in government. He writes that 'grid' and 'group'

202 Bouckaert, Geert (2008). "Cultural characteristics from public management reforms worldwide." In *Cultural aspects of public management reform*. ed. by Schedler, Kuno and Proeller, Isabella. Amsterdam. Elsevier JAI. p. 33.

203 Hood, Christopher (2000). *The Art of the State. Culture, Rhetoric, and Public Management*. Oxford, Clarendon Press. p.25.

204 Wildavsky, Aaron (1991). p. 33.

dimensions are fundamental to an explanation of public management. Based on these two dimensions, he proposes an interesting analysis of the varieties of ways to control public service organizations and different reasons for the organizations' failures. He argues that "hierarchist failures are likely to consist of cases where authority or expertise is insufficiently questioned; egalitarian failures are likely to consist of cases where debate cannot be closed; fatalist failures consist of inaction or inability to change course even in extreme and pressing circumstances; and individualist failures are likely to consist of cases where private interest is put before public or collective interest".²⁰⁵

		GROUP	
		Low	High
GRID	High	<p><i>The Fatalist Way</i></p> <p>Low-co-operation, rule-bound approaches to organization. Example: Atomized societies in rigid routines (Banfield 1958).</p>	<p><i>The Hierarchist Way</i></p> <p>Socially coherent, rule-bound approaches to organization. Example: Stereotype military structures (Dixon 1976).</p>
	Low	<p><i>The Individualist Way</i></p> <p>Atomized approaches to organization stressing negotiation and bargaining. Example: Chicago-school doctrines of 'government by the market' (Self 1993) and their antecedents.</p>	<p><i>The Egalitarian Way</i></p> <p>High-participation structures in which every decision is 'up for grabs'. Example: 'Dark green' doctrines of alternatives to conventional bureaucracy (Goodin 1992).</p>

Table 12. Four styles of public-management organization: Cultural theory applied

Source: Hood, Christopher. (1998). *The Art of The State: Culture, Rhetoric, and Public Management*. Oxford: Clarendon Press. p. 9.

Incorporating these two dimensions into the cultural theory matrix, Hood defines the basic organization types (see Table 12). Each type includes a fundamental framework of an organization which differs from the others in its structure and value set. Consequently, the management will also be different for each type. From the perspective of cultural theory, he explains what will be the main emphasis in control, who will do it, and how this controlling mechanism will be organized in the circumstances of those four ways of life.

6.3 The characteristics of organization culture from the perspective of cultural theory

The prevalent organization cultural type that emerges at different points in history of Mongolian statehood is the hierarchical culture with a prominent centralized authority. In general, the hierarchical culture is fundamental to any public management in the world. In the case of Mongolia, however, its traditional customs of nomadic law and oral culture make the hierarchical structure to some extent specific. Traditionally, Mongolians worship the state as such and respect the role of the statesman. Statesmen are at all times expected to serve the state obeying strict regulatory rules, operating according to well understood procedures within the framework of vested power determined by law. Moreover, the moral norms respecting seniority are deeply embedded in traditional culture and the elderly still have a strong influence on social relations. In addition, the traditionally inherited self-sustaining nomadic way of life and their largely independent relationship to overlords also lends a unique quality to Mongolian hierarchical culture.

For 70 years the socialist regime under the rule of MPRP (Mongolian People's Revolutionary Party) fostered a political governance of centralized rule with a strong hierarchical culture. All directives were given through the party structure of the administrative apparatus. Government officials and administrative organizations received directives from above, pursued them passively and strived for implementation. The party controlled policy formation, allocated all kinds of resources and even selected and then distributed personnel throughout all of Mongolia. This system developed a highly hierarchical and politicized culture. This played an important role in the development of recipient mentality in the country.

This culture still continues to be quite prevalent in the administrative practices of democratic Mongolia. For example, the hierarchical structure is clearly reflected in personnel management of the civil service, in its overall classification, categorization and ranking of all government posts, in highly centralized *payroll* administration as well as in centralized control over all personnel management. However, to some extent the involvement of citizens as well as administrative officials in decision making has been realized in line with democratic changes.

Egalitarianism oriented towards participative democracy is increasingly emphasized in current legal and political documents. Since the democratic reform, many reform measures on empowerment,

transparency and devolution of decision making power to line managers have been applied. Unfortunately, most of them are still lacking support from above. The E-government initiative and the One-Stop-Shop reform ideas were applied in order to introduce peer control and face-to-face accountability mechanisms in public service delivery. These reforms are also intended to promote the overall social justice scrutiny in public sector practices. Also in line with the reform concept of “serving the people”, the government has renewed its legislation, taken several measurements to promote participative democracy and enhance openness in public administration. All these change initiatives are intended to foster egalitarian culture within the public sector of Mongolia.

Democratic changes and adoption of NPM reform policies have been challenging the inherited hierarchical culture within public sector management. According to NPM doctrine, managers should be free to manage and be judged on achieving results. This reform has brought about changes promoting an individualist approach. More precisely, the elements conditioning the development of an individualist approach within public sector organizations include market type mechanisms, franchising or outsourcing, contracting out, performance contract, quasi-markets, quasi-organizations, performance management, individual rewards for performance as well as competition for promotion within public bureaucracies.²⁰⁶

With the collapse of the socialist regime and communist ideology, the moral value of collective responsibility was replaced by personal liability. Consequently, a fatalist approach has derived from the bureaucratic inertia of public administration. Especially the absence of a strong collectiveness directing people towards common goals along with less personal interaction among employees have greatly contributed to the development of a fatalist culture. Once personal connections were severed, rules and procedures were put in place to prevent individuals from seeking to act alone in order to solve problems.²⁰⁷ It follows, then, that the only way of living would be to be submissive, just to wait for directives from above and to follow them. The symptoms of fatalism in public administration include a lack of enthusiasm, a disinclination to take responsibility or to plan for apparently predictable events. These problems are very often caused by the incompetence of senior position holders and by inaccurate directives of management.²⁰⁸

206 Hood, Christopher (1998). p. 118.

207 Frumkin, Peter and Galaskiewicz, Joseph (2004). p. 288.

208 Hood, Christopher (1998). p. 119.

The contemporary culture of public sector organizations of Mongolia can thus be described as a mixture of all kinds of social relations and values. This mixed nature may be a source of conflict, especially conflict regarding adherence to structures and policies. For example, according to Hood's arguments, a rule-bound structure with high differentiation of rank may exert pressure on individuals to follow prescribed procedures and roles as well as require stricter rules and authority. At the same time, egalitarians having a tendency toward self-directing individualists and toward reducing strong leadership influences may require more equal opportunity and increased involvement. Individualists are very much driven by personal ambition and self-interest would be against to collectivism as well as organization.

Hypothesis 1: The culture characterized by historically and traditionally rooted rule-bound behavior and a strong emphasis on personal relationships is still predominate in public sector organizations.

Hypothesis 2: Aligning with the democratic changes and NPM reform ideas, the individualist and egalitarian types of culture within the public sector organizations were promoted.

6.4 Methodology

The questionnaire constructed for this study contains 12 items intended to define four types of culture: "hierarchy", "egalitarianism", "individualism" and "fatalism". The questionnaire was designed based on the concepts of grid-group theory. Two items were designed for each cultural type with its corresponding concepts in mind. In addition, respondents were asked to rate two additional items on the level of the grid dimension as well as two other items on the group dimension. These 12 items describe the behavior and relation strategies in the organizations. Respondents were asked to rate each item on a four point Likert-type scale ranging from 3 to 0. The answer is registered on the four point scale, indicating how often the behavior occurs or how identical it is for each item.

The combination of the later four items was intended to verify the answers to the previous eight items.

Examples of items are shown below:

The culture of your work environment is identical to ...

	Very identical 3	Identical 2	Loosely identical 1	Not identical 0
Socially coherent people operating according to well-understood rules, regulations and procedures				
Highly regulated work tasks; People do their work in relative isolation from others				
Internal competition or market-like process in some form				
Participation gives equal opportunity to all; Weak leadership				

The respondents were requested to give an objective description of their organizations' culture. In order to avoid halo effects as well as some stereotypes, I involved respondents representing different parts of Mongolia and different positions in public service from assistant to chief, as well as different services of the public sector, i.e. administrative and support services. Thus the culture within public organizations is defined from different perspectives. More detailed information on survey samples and procedures are available in chapter 2.

6.5 Research results

6.5.1 Analysis of cultural type means

As grid-group theorists argue, all four ways of life are present in varying proportions in all societies. Each way of life exists dependent upon each of the other three, and reciprocally serves the existence of the others.²⁰⁹ Consequent to this argument, the current research results show that all four types of cultural biases are constituted in public sector organizations of Mongolia. Looking at the means, these four types are scored relatively closely. Nevertheless, there are some significant differences. The mean analysis findings in Table 13 show that hierarchy (1.66) and

fatalism (1.60) are evaluated slightly higher than individualism (1.49) and egalitarianism (1.48). Internal consistency among the means representing the four cultural types is 0.879.

	Mean	Std. Deviation	Sample number	Alpha
Hierarchy	1.66	.72	628	.72
Egalitarianism	1.48	.75	627	.73
Fatalism	1.60	.66	633	.60
Individualism	1.49	.67	622	.58

Table 13. Descriptive statistics

The means along the grid dimension demonstrates that tendencies to accept external authority and prescriptions are scored slightly higher than tendencies toward greater freedom and independence. Likewise, a comparison of the means along the group dimension reveals that cultural biases of the strong group (hierarchy and egalitarianism) have slightly higher scores than the weak group (fatalism and individualism). This means that collective or incorporative culture is relatively common in the public sector organizations. Consequently, the combination of characteristics of high group and high grid dimensions describe culture in the Mongolian public sector as assigning its employees to in-group determination as well as to circumscribe externally imposed prescriptions.

		Hierarchy	Egalitarianism	Fatalism	Individualism
Hierarchy	Pearson Correl.	1	.76**	.68**	.53**
	Sig. (2-tailed)		.000	.000	.000
	N	628	598	610	594
Egalitarianism	Pearson Correl.	.76**	1	.51**	.68**
	Sig. (2-tailed)	.000		.000	.000
	N	598	627	604	593
Fatalism	Pearson Correl.	.68**	.51**	1	.67**
	Sig. (2-tailed)	.000	.000		.000
	N	610	604	633	604
Individualism	Pearson Correl.	.53**	.68**	.67**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	594	593	604	622

** Correlation is significant at the 0.01 level (2-tailed).

Table 14. Correlations

Table 14 presents the correlations among the cultural type scores. It in general demonstrates the coexistence of all four types: hierarchy and egalitarianism are highly correlated (.76), just as hierarchy and fatalism are also highly correlated (.68), but hierarchy has a lower correlation with individualism (.53). Individualism and fatalism are also highly correlated (.67), while individualism and egalitarianism show an even stronger correlation (.68). The results of these higher correlations are consistent with grid-group theory's portrayal of mutual relationships between the four cultural types, and also presents the possibility of using a factor analysis for further investigations.

From these survey results, some might expect a certain number of people to belong to one of the quadrants or to each of the four quadrants. For example, a certain number of people might adhere to hierarchical culture, or to fatalism, or to individualism and to egalitarianism. However, for two reasons I would say that this is impossible. The first reason relates to practical living circumstances. There is no clearly distinguished demarcation between the four types of culture. Where the collective orientation or individualist orientation begins and ends is not definite. However, without collectiveness there would be no individual orientation. Also, if there were no strict rules and laws regulating social relations between members in society then there would be no meaning or no need to fight for individual freedom as well. These types coexist together and become an inevitable condition for the existence of the other types. In each social structure, however, they are emphasized relatively differently. For example, in the democratic society all four types coexist together, but personal liberty will be more strongly emphasized and thus individualist and egalitarian types of culture would be relatively more dominant than the other two.

The next reason refers to the relativity of an individual's perception, their socialization and learning experiences. Depending on their cultural background characteristics (age, education, gender, income, life experience, etc.) people perceive similar situations differently and determine their actions differently. Also, as Harry Triandis writes, "all of us carry both individualist and collectivist tendencies; the difference is that in some cultures the probability that individualist selves, attitudes, norms, values and behaviors will be sampled or used is higher than in others".²¹⁰ People's desires to support, oppose or minimize an authority; to increase, decrease or maintain an equality remain constant, but their

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Triandis, Harry C. (1994). "Theoretical and Methodological Approaches to the Study of Collectivism and Individualism." In *Individualism and Collectivism: theory, method, and applications*. edited by Kim, Ulchol et al. London: SAGE Publications. p.42.

ideas about what will be efficacious vary according to the conditions of the time, the situation,²¹¹ as well as the social roles they play.

6.5.2 The factor structure

Factor analysis was applied to total samples. The principal factor method was used, and rotation was performed by the Varimax method. Three factors had eigenvalues greater than 1.0 in all analyses and were retained for the rotation. From the Scree plot presented in Figure 13, it appears that a three-factor model should be adequate to represent all the data sets. Three factors account for 59.4 per cent of the total variance. The rotated factor pattern is shown in Table 15.

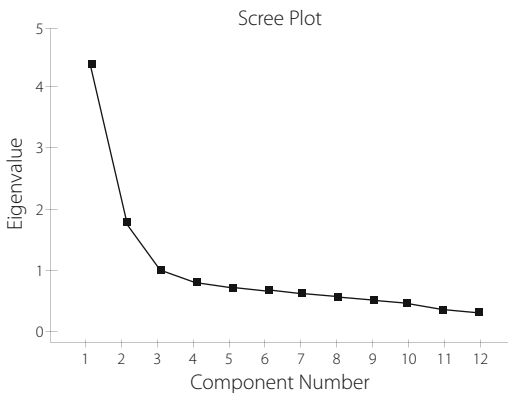


Figure 13. Scree plot

Factor 1 (accounting for 36.35% of the variance) is labeled “institutional collectivism”. It contains variances of strong group and strong grid dimensions, reflecting acceptance of hierarchy, rule-boundness and collectivity. A significant aspect of Factor 1 is that it provides two empirical evidences. First, there is a strong tendency to accept and act, according to a guidance that is defined by socially sanctioned experts or supervisors or by external consultants. Second, strong in-group collectivism is prevailing in the contemporary public sector of Mongolia. The particu-

lar item that provides this information also shows that public employees do work not only under external authorities reflected in rules and procedures but also under interdependence with other colleagues. In other words, the public sector employees might feel a double pressure upon them while they perform official duties.

Factor 2 (accounting for 14.63% of the variance) composes variances of strong grid and weak group dimensions. This factor is named “individuals’ rule-reliance”. The loadings of this factor are related to two aspects. These are an acceptance of imposing external prescriptions and independence from collective influence, but personal liability. Thus a strong and a weak grid dimension in an association with a weak group dimension indicates that public employees feel a strong rule pressure as well as a pressure of being responsible for oneself very often. “Better to rely just on oneself rather than ask others for help” would be the short description of this factor.

	Component		
	Factor 1	Factor 2	Factor 3
Socially coherent and operating according to well-understood rules and procedures	.825		
Solidarity of a group and collective responsibility	.764		
Highly regulated work, people do their work in relative isolation from others	.759		
Experimenting and entrepreneurial discovery generating greater freedom in the organization	.695		
Organization and collective come first, individual second	.646		
Empowerment, opportunity in self-organizing and in self-steering for all members	.509		.385
Subordinated passive members		.820	
Focusing attention on procedures preserving status quo, structure and order of human relationships within the organization	.401	.713	
Self-seeking individualism supporting self-regulation, including the freedom to bid and bargain		.658	.457
Personal liability	.364	.468	
Internal competition or market-like process in some form			.790
Participation gives equal opportunity to all, weak leadership			.676
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.			
a. Rotation converged in 6 iterations.			

Table 15. Rotated component matrix

Factor 3 (explaining 8.47% of the variance) contains items of a strong and a weak group dimension: collective responsibility and personal liability, but in circumstances of a low grid dimension. These are the two contrasting variances: an internal competition or market like process in some form (personal liability) and a participation giving an equal opportunity to all members (collectivity). These two are possible to be realized only in circumstances where there is a greater freedom for self-direction than stronger rules for controlling and regulating. The latent meaning of this factor shows that public employees perceive opportunities giving chances to strive for exploring their ideas in their work as well as a competition among employees within their organizations. Thus, the factor is labeled “Self-Interest”. The Mongolian proverb *ezen hicheevel zaya hicheene* (‘If you endeavor, the fate will favor you’) could reflect the meaning of this factor.

If these three factors are placed on the frame of cultural theory, it will form a triangle that consists of a hierarchy (1st) as well as fatalism (2nd) and individualism (3rd) cultural types (see Figure 14).

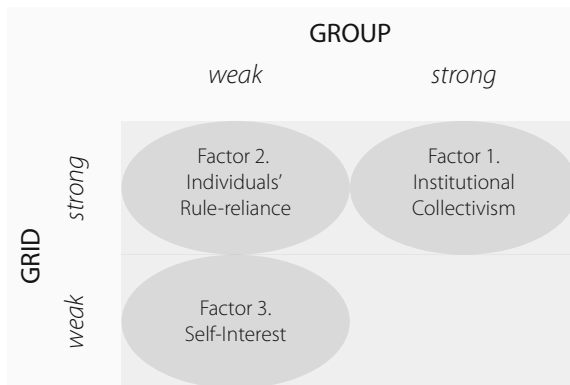


Figure 14. Factor analysis results placed at the theory framework

The strong hierarchical culture favors an authority and expertise, but medium fatalism accepts an authority as inevitable and uncontrollable, and weak individualism wishes liberty, desires to minimize authority and be free from pressure from others. Thus, the factor analysis result demonstrates three active cultural types that exist within the public sector of Mongolia.

The three-factor structure also demonstrates significant evidence that the questions about egalitarian cultural biases did not generate a

separate factor of their own. Instead they were divided (with high loadings) between the other two factors. Two questions dealing with empowerment and solidarity of a group are allocated in the factor of institutional collectivism. The other questions concerning participation and weak leadership are loaded in the self-reliance factor.

What is the reason for pursuing the cultural biases of hierarchy, fatalism and individualism in contemporary public sector organizations? Why did questions concerning egalitarianism not correlate strongly enough to generate a factor of their own? Does this mean that egalitarianism is less familiar among public employees or not? These are questions to direct further discussions.

6.5.3 Analysis of effects of socio-demographic variables on cultural perception

Culture differs markedly from organization to organization and from generation to generation. In order to find out these differences, within each socio-demographic variable such as age, gender, residence, qualification and position, the mean and factor scores were computed and compared. The results that deviate from the total sample mean and factor loadings are presented and discussed here.

6.5.4 The age variable

In order to test how people of different age groups perceive their organizations' culture differently, the mean and factor scores were computed within each age group. The results are given in Figure 15 and in Table 16. Mean deviations and factor analysis both demonstrate that public employees of Mongolia perceive their organizations' culture differently according to their age. Figure 9 demonstrates the three groups' differing perceptions.

The younger generation respondents under 25 years of age who grew up in a democracy see the culture in their organizations very much as fatalists, individualist and hierarchical, and not as egalitarian. They perceive the way public employees do their job to be passive, waiting for decisions from above and self-focused as well as very hierarchical.

The responses of people age 26–35 yrs are almost the same as the former. Members of the younger generation starting their career usually tend to be full of enthusiasm and very dynamic and very often

introduce initiatives to make changes. In public sector organizations where attention is focused on procedures preserving the status quo, structure and order, younger members can face many constraints to implement their initiatives. Also, younger employees most likely experience pressure from employees with a long period of service, because in the public sector the seniority principle affects the work relation to a very large extent.

With advancing age the tendency changes. The mid-generation respondents age 36–45 yrs estimate the culture of their organizations neither identical to fatalist, egalitarian nor hierarchical. To some extent, an individualist approach exists, but respondents age 46–50 yrs view the culture as more hierarchical. This generation was educated during socialist times and started their careers at the moment when in Mongolia the *perestroika* or restructuring had started. They have experienced democratic changes from the very beginning. Traditionally, this generation is reaching the age at which people are assumed to be responsible or mature and are ready for a leadership position.

The older generations age 51–55 and above 56 yrs find the culture to be neither fatalistic, individualistic, egalitarian nor hierarchical. These respondents grew up, were educated and started their career during socialist times. A large number of employees of this age hold higher managerial positions and have the responsibility of creating the work environment. It is possible that most of them still continue to rely on old communist experiences from former times.

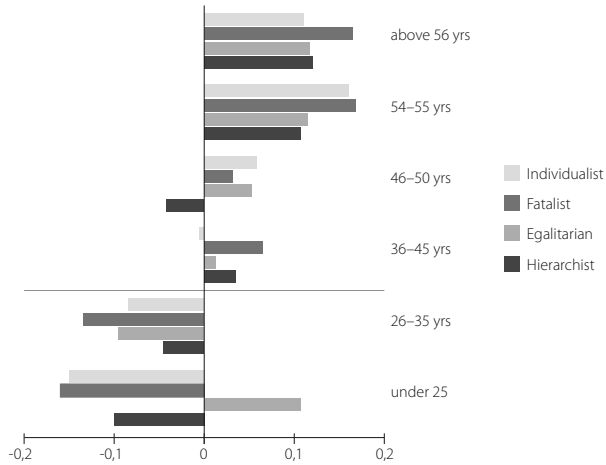


Figure 15. Age group mean deviations from the total sample mean

These differences between younger and older generations may create tension among public employees. The factor loadings of the younger generation are not overlapping loadings of other age groups, demonstrating that young employees perceive their organization as hierarchical and incorporative. The factor loadings of the respondents over 56 years show significant findings. Basically, items included in Factor 1 indicate that personal liability and strict regulation control are common within their organizations. Then in Factor 2, however, the item of collectivity is included; most items emphasize more self-directed or self-steering cultural ideas.

	Component			Under 25 (N70)			26-35(N264)			36-45 (N224)			46-50 (N147)			51-55 (N101)			Above 56 (N71)				
	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3		
Socially coherent and operating according to well-understood rules and procedures	.825			.360	.721	.797				.799		.837			.876				.821				
Solidarity of a group and collective responsibility	.764			.668	.391	.844				.775		.740			.767							.792	
Highly regulated work, people do their work in relative isolation from others	.759			.792		.769				.675		.748			.858				.880				
Experimenting and entrepreneurial discovery generating greater freedom in organization	.695			.494	.613	.745				.765		.705			.647			.536				.797	
Organization and collective come first, individual second	.646			.744		.578				.710		.694	.453		.703	.377						.541	
Empowerment, opportunity in self-organizing and in self-steering for all members	.509			.385	.705	.475	.422	.338		.569		.362	.424	.424	.372	.612			.851				
Subordinated passive members	.820					.879	.790			.634	.476	.829			.799							.458	.591
Focusing attention on procedures preserving status quo, structure and order of human relationships within organization	.401	.713			.368	.679	.691			.758			.761		.531	.526			.652	.472			
Self-seeking individualism supporting self-regulation, including the freedom to bid and bargain	.658	.457			.762	.770				.373	.738	.389	.516	.472	.720							.841	
Personal liability	.364	.468		.731		.409	.586			.707		.352			.414	.411	.540					.553	
Internal competition or market-like process in some form			.790	.656			.859				.688			.829				.846				.512	
Participation giving equal opportunity to all, weak leadership			.676	.525	.397	.678			.491		.529			.720	.659			.402	.430				

Table 16. Factor loadings by age group

6.5.5 The residence variable

Culture differentiates its members from other groups by its language, by how people perceive general human activities²¹² and by organized relationships. As discussed before, Mongolian society has a unified culture with very slight regional differences, though the culture of the cities and the culture of the provinces cannot be regarded as identical. For decades in the period of the centralized economy, the state or the central cities have acted as the supplier, and the provinces as the demander. Obviously, in public administration practices this relationship still exists and is reflected in work attitudes of public employees both in central and rural areas.

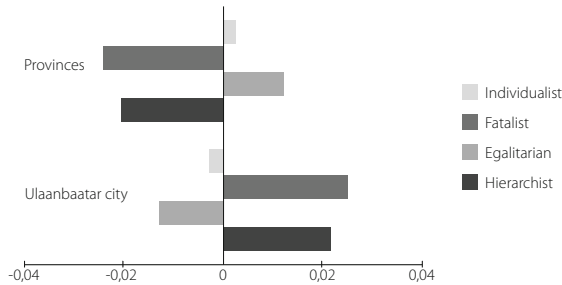


Figure 16. Ulaanbaatar city and 8 provinces' mean deviation from the total sample mean

How environmental factors affect public sector organization culture is the next question to explore. In order to find an answer the mean of respondents of the 8 provinces and Ulaanbaatar city are computed separately and compared. The results are presented in Figure 16. As previously mentioned in chapter 3, the responses are collected from Uvs and Khovd aimags (western part of Mongolia); Orkhon and Bulgan aimags (north-central part); Dornod and Dornogovi aimags (eastern part); Umnugovi and Dundgovi aimags (southern part of Mongolia) as well as from Ulaanbaatar city.

The findings indicate that the cultures of public sector organizations differ from city to province. In provinces fatalism and hierarchy scored higher, while egalitarian and individualist cultures have lower scores. But in Ulaanbaatar city the result is the other way around.

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Hofstede, Geert (1984). Culture's consequences: International differences in Work-related values. Cross-cultural research and methodology series. SAGE Publication. p.15.

These situations derive from socioeconomic circumstances of the center and periphery. In the city of Ulaanbaatar, egalitarian and individualist cultures scored higher than the average. In Ulaanbaatar therefore, socio-economic development fosters egalitarian and individualistic culture. Increased democratic initiatives as well as a growing opportunity for business and an intense influence of Western culture are the sources of cultural change in the cities.

The market, especially the labor market in the provinces, is relatively small. In most local villages (*soums*) the public sector is practically the only employer. Thus public sector organizations become the main provider of secure jobs and secure household income in the provinces. This condition might be increasing the discretionary power of the decision makers in the peripheries. Personal relationships between people, especially the kinship relation and localization *nutgarhah uzel* are very high in rural areas. Opportunities to receive information in rural areas are less than in cities. In most places, people get information only through the National Broadcasting Radio and TV Program. These circumstances slow the progress of change toward democracy.

An acceptance of cultural differences between central and local public sector organizations is important in order to take into consideration that in the provinces the prevailing hierarchical and fatalist culture may be not very supportive of public administration reform concepts.

6.5.6 The administrative and support services variable

Mainly public administrative and support service employees were involved in the survey. According to the Government Service law, one of the constituent parts of the public support service is the education sector. Answers by employees from higher education organizations and public administration have been separately computed and compared (see Figure 17).

The functional differences between administrative and service organizations are also reflected in organization culture. The levels of hierarchical and egalitarian culture are expected to be different for both. Government organizations tend to use different ranks or grades, and promote rule-like behavior in order to avoid any ad hoc ways of behaving. They have little faith in self-organizing or self-steering processes. In academic organizations the situation is different. People prefer a more egalitarian culture enabling them to direct themselves in scientific work. Figure 17 shows results to some extent supporting this idea. In

both organizations, egalitarian and individualist cultures are a bit higher than average. In administrative organizations, however, the fatalism is more common and hierarchy is also higher than in the education sector.

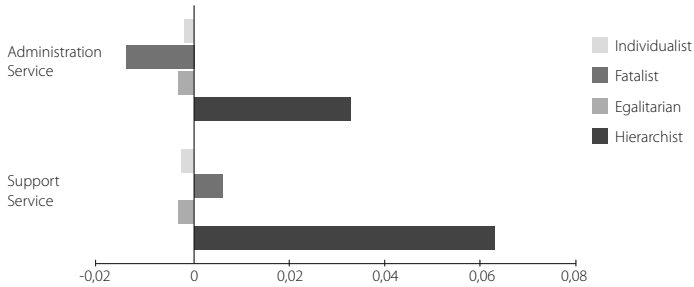


Figure 17. Administrative and support service employees' mean deviation from the total sample mean

6.6 Discussion

The survey results present interesting findings. One of these is that the behavior of public employees is very much bounded by rules and is the dominating feature of public organization culture. According to cultural theory, this means that public employees' work relations are determined by distinctively ordered structure, rules and regulations imposed upon them. Their actions are determined and constrained by rules and prescriptions, and arguments raised by individual employees are seldom permitted. This culture probably contributes to maintaining an order and discipline within the public sector as well as ensuring high quality public service delivery at the same standard across the country.

The research results also show that public organization culture is characterized by highly connected relationships among public employees. This means that close interaction among public employees and interdependence with others is widespread. It most likely creates pressure upon a person's ego and makes the individual employee comply with a particular group's moral persuasion. Independence or autonomy would not be appreciated under these circumstances.

This relatedness between people has its roots in the cultural background of Mongolians. However, with the passage of time changes have taken place in the nature of these relationships. Relatedness was once associated with collectivism in former times. The collectivist

mentality of socialist times when individuals used to place collective needs before individual needs has now changed. The idea of collective responsibility has been removed from administrative practices. In transition periods in which radical changes challenge the order of life, people prefer to seek security in belonging to some influential interest group or political party.

This Strong Grid and Strong Group relation create favorable pre-conditions for hierarchy. In this case, decision making power is highly centralized and vertical ranking of authority is common as well. Rule-bounded arrangements and clearly established roles are used to design every action of its members, causing them to be socially responsible and interdependent from others. Since this type of culture gives priority to certainty and predictability generated by experts or supervisors, any fluctuation from standardized activities is not welcomed. Therefore pursuing orders becomes the dominant moral concern.²¹³ Hierarchy always maintains itself by means of socially imposed prescriptions which are always compulsory for its members. Individual members even in leadership positions “within a hierarchy have little manipulative ability; collectively they are able to increase their share...”.²¹⁴ Collaboration is legitimized as more important.

Hierarchical organizations exhibit a tendency to strengthen authority or concentrate discretionary power in the upper-level positions of the organization. Usually access to important information is uneven; upper level officials have more information and they reserve it for themselves. For example, when it comes to planning or control within or beyond public management, usually decision making managers enjoy their discretionary power rather than involving employees or citizens. Thus applying initiatives to improve public sector management such as delegation of authority or increasing employees’ involvement in decision making might face some challenges under these circumstances.

The power concentrated in the upper levels of an organization inevitably creates an atmosphere of submissiveness to decision makers. Especially in circumstances where collective responsibility was replaced by personal liability, there is no way to count on support from the collective. All activities of lower-level employees are strictly determined and controlled by regulations. In other words, this weak group cohesion and strong prescription boundaries develop fatalism in public sector organizations. Thus the continuity of the authoritarian bureaucracy from

213 Thompson, Michael et al. (1990). p.27.

214 *Ibid.* p.45.

the old regime and the common mentality of the public servants just to serve the state and the supervising bodies create a passive instead of a participatory work environment in the public sector. Public employees in order to avoid any difficulties prefer not to take responsibility and do not initiate new things, even though they do define very simple goals and objectives that are easy to achieve. This culture is the reason for a lack of enthusiasm in public administration.

The Government of Mongolia initiated and implemented many reform policies not only to increase the public sector's efficiency and effectiveness but also to change its work culture. For example, decentralization reforms were initiated such as the New Public Management reform implemented from 2007 to 2012, "Good Government for Human Security Program" starting in 2000 and E-government initiatives. All these reform ideas are supposed to change the work environment and management in the public sector. They are intended to promote empowerment and create a participatory work environment. During these reform years the elements of egalitarian culture have been established gradually as indicated in the results of this research. It shows that an egalitarian culture is not yet strong enough in Mongolian public management.

6.7 Conclusion

This cultural environment research is focused only at the organization level. However, the results averaged from 878 respondents from five different parts of Mongolia (the capital city and 8 provinces) are able to reflect the commonalities of the culture of the public sector of Mongolia. They show how individual public employees view the behavioral strategies, social relations and the culture in general within their work environment.

The results from the mean and factor analysis show that the Strong Group and Strong Grid dimensions are dominate within the culture. Consequently, behavior bounded by rules and a high level of relatedness among employees characterize the contemporary culture of the public sector in Mongolia. Apparently, this creates favorable preconditions for developing hierarchical culture in public organizations. Nevertheless, increasing strong prescription boundaries and weakening group boundaries are also developing a fatalist culture.

In spite of this, the four cultural types scored relatively closely (hierarchy 1.66, fatalism 1.60, individualism 1.49, and egalitarianism 1.48). The findings from the factor analysis as well as the Mean analysis show that there are some significant differences as well. Egalitarian and individualist types of culture within public sector organizations are weak.

Especially in the local government organizations hierarchy and fatalism are more common than in cities. Individualism and egalitarian cultures scored higher in cities than in local administration. The socioeconomic conditions as well as the strong traditional influences in provinces cause these differences. In administrative organizations fatalist and hierarchical culture are slightly more common than in education sector organizations. Public employees depending on their age and tenure in the service perceive the cultural context differently. Most significantly, younger generations evaluated the culture as passive, self-focused, very hierarchical and not egalitarian. With advancing age, however, public employees see the culture identical to neither fatalist, egalitarian nor hierarchical cultures.

7 Public employees' value systems

7.1 Introduction

Values are fundamental components in the modeling of general human behavior. As such, values form the criteria for choosing solutions to problems, for prioritizing preferences, for deciding between alternatives.²¹⁵ Values are formed according to institutional variations as well as individual experiences. Every culture in a given society adheres to certain preferential value concepts. The influences from institutional values and individual values are not always identical. Thus the degree to which individuals' values match their organizations' culture is the next concern of the present study.

In the previous chapters Mongolian institutional values were explored. This chapter studies the prevailing motivational values of public employees in Mongolia. Further, it examines the relevance of these prevailing values with regard to cultural value priorities. This chapter starts with a brief literature review on value formation and changes. It then briefly introduces three types of congruence between institutional and individual values. In order to study the dominant values of public employees, the two-dimensional value theory is used here. This research also aims to study value differences in terms of gender, generation, and place of residence of public employees. It furthermore defines value differences between administrative and service sector employees. The chapter then concludes with a brief discussion.

7.2 Formation, evolution, and change of value systems

Social scientists tend to see values as products of both ecological and institutional conditions. Certain features in the environment may result in the creation of specific life styles with articulated values. In addition,

215 Bouckaert, Geert (2007). "Cultural characteristics from Public management reforms worldwide." In: On cultural aspects of public management reform, edited by Schedler, Kuno and Proeller, Isabella. Amsterdam. Elsevier JAI. p. 34.

personal values are formed by institutional variations. Values also arise from individual experiences.²¹⁶ The same idea is expressed by Mandler, who argues that there are three separate sources of values: biologically determined sources (such as innate approach-and-avoidance tendencies) and two different experiential sources – social and structural. Social conditions generate the content and meaning of value structures and permeate all thought and action: living in a particular time and place determines what can be known and, therefore, what can be valued. Values that are derived from structural sources often have emotional consequences. This is why humans tend to prefer the wellknown to the unknown. Mandler's principal claim is that biological and social factors determine the content of values, while structural factors are primarily responsible for their dynamics.²¹⁷

The institutional environment plays the most important role in value formation and in its change, argues Thompson. He writes that preferences are formed from the most basic desire of human beings – our desire to live with other people and of others to live with us. Preferences derive from different ways of life in two analytically distinct senses. First, by putting preferences and ways of life into a means-ends reasoning chain, individuals can deduce their preferences from their way of life. Second, preferences emerge as unintended consequences of attempting to organize social life in a particular way.²¹⁸ Societal transformation effect changes in social relations and societal preferences, and as a consequence the values of individuals will also be changed accordingly.

Inglehart argues that one of the most important sources of cultural variation is the economic development level of a given society. Post-materialist values are the concern of those who experience security in economic well-being; conversely, materialistic values are the priority for those who feel economically insecure. The cultural shift from materialist to post-materialist is a universal process which should occur in any country that moves from conditions of economic insecurity to those of relative security. Consequently, people's values tend to shift from giving priority to order and stability towards prioritizing creativity, independence, and greater involvement and participation.²¹⁹

216 Hechter, Michael; Nadel, L. and Michod, R.E. eds. (1993). *The Origin of Values*. New York: Aldine de Gruyter. p. 15.

217 Mandler, G. (1993). "Approaches to a Psychology of Value." In: *The origin of values*, edited by Hechter, M. et al. Aldine de Gruyter. p. 23.

218 Thompson, Michael et al. (1990). p. 58.

219 Inglehart, Ronald and Abramson, Paul (1994). "Economic security and value change." *American Political Science Review* 88, Vol. 2. p. 337.

7.3 Congruence and incongruence with organizations' values

The establishment of organized relationships in a society requires its members to act in accordance with socially accepted cultural values. The successful functioning of any institution or of any individual and their survival demands compliance with the cultural values expressed implicitly or explicitly in the shared mentality about what is desirable and undesirable in a particular society. The ways that societal institutions function, their goals and modes of operation, express cultural value priorities. Adjusting one's own situation to these social norms and adapting to the social reality are the main aspects of socialization and of finding balance in social interaction.²²⁰

Although personal values are formed as a reflection of social influences, sometimes individual values do not exactly correspond to shared abstract ideas about what is good and right; social norms dictating how people should behave may be received in various ways by different individuals. This mismatch of values very often causes tensions in the relationships between individuals and organizations and among organizations.

The compatibility of organization-individual values explains the degree to which individuals' values match the organization culture.²²¹ Research in previous studies on person-organization fit mostly focuses on the fit between the characteristics of the individual such as personality, values and goals, and those of the organization such as culture, values, goals and norms.²²² Studies on person-organization fit have distinguished between perception-perception fit, person-person fit²²³ and supplementary-complementary fit.²²⁴

People tend to have a closer relationship with people who have similar ideas to themselves. Having in common views, beliefs and goals

220 Schwartz, Shalom (1999). p. 25.

221 Meglino, B.M.; Ravlin, E.C. and Adkins, C.L. (1989). "A work values approach to corporate culture: A field test of the value congruence process and its relationship to individual outcomes." *Journal of Applied Psychology*, Vol. 74. p. 425.

222 Ibid. p. 426.

223 Ostroff, C.; Shin, Y. and Kinicki, A.J. (2005). "Multiple perspective of congruence: Relationships between value congruence and employee attitudes." *Journal of Organizational Behavior*, Vol. 26. p. 593.

224 De Clercq, S.; Fontaine, J.R.J. and Anseel, F. (2008). "In search of a comprehensive value model for assessing supplementary person-organization fit." *Journal of Psychology*, 142, p. 278.

increase the degree of compatibility. Thus, people with the same values would see things from the same perspective and would act in similar ways, and there would not be any misunderstanding between them, which makes their communication easier and enables them to predict others' possible actions, and keep to their expected roles. Moreover, people accept easily the events or objects that they encounter frequently in their everyday life and have experienced already. Consistency of experiences creates expectations and one finds acceptable those experiences that fit with previous expectations.²²⁵

The following three ideas facilitate the explanation of compatibility of values at the organization level. First, a given culture at the macro- and meso- levels creates a shared mentality or common pattern of distinctive believe systems. In the case of compatibility of an organization's value with existing cultural biases, an organization will be supported by the society and will achieve social legitimacy. Second, reinforcement mechanisms such as reward and punishment control the compatibility or conflict and ensure the consistency of social values. Third, employees socialized in a given society pursue the requirements of cultural institutions and tend to promote it continuously.²²⁶

Because of these three universal reasons there are resonances between institutional-level and individual-level values, writes S. H. Schwartz. There are "[t]hree universal requirements of human existence: biological needs, requisites of coordinated interaction, demands of group survival and functioning".²²⁷ Social groups and individuals express these requirements in the explicit and implicit values that guide all interrelations in the society transcending a particular situation. Nevertheless, values are different in their motivational goals. For example, in some values are consciously embedded goals promoting altruistic behavior versus self-centered ideas. Ten motivational goals of values are defined by S. H. Schwartz. Their content and relations are discussed in chapter 2.

Based on this view of the value of individuals and institutions as integral parts of the social system, as well as taking into consideration the existing cultural context within public sector organizations, the following three hypotheses are generated here:

225 Mandler, G. (1993). p. 25.

226 Schwartz, Shalom (1994). "Beyond Individualism/Collectivism: New Cultural Dimensions of Values." In: *Individualism and Collectivism. Theory, Method, and Applications*, edited by Uichol, Kim, et al. Vol. 18. Cross-Cultural Research and Methodology series. SAGE Publications, p. 93.

227 Schwartz, Shalom (2006). p. 249.

Hypothesis 4: Values of public organization employees have been influenced by the contemporary social as well as organizations' socio-cultural contexts.

Hypothesis 5: The motivational pro-social as well as self-transcendent values are predominating among work values of Mongolian public employees.

Hypothesis 6: Due to increased democratic changes in Mongolian society, the motivational growth values aligned with personal success and social approval as well as protection values linked to safety, harmony and stability are also highly emphasized among public employees.

7.4 Methodology

As discussed briefly in chapter 2, values of public employees have been studied based on concepts from the two-dimensional value theory. The motivational value of the public employee in Mongolia has not been studied by these concepts yet. For this reason, this research may have some methodological limitations although it will contribute to defining the values of Mongolian public employees.

The data for analysis is collected from public officials at different levels and from different parts of the territory of Mongolia. The prevailing values of public sector employees have been deduced from the aggregation of value priorities of individual employees. This means that the averaged values demonstrate the commonalities inherent to the socialization of institutionally formed explicit and implicit values. However, the individual public employee's values are seen partly as a product of shared culture and partly as a product of unique individual experience; the commonalities between preferences would reflect the cultural emphases embodied in laws, norms, and general everyday relations. Individual variation around this average reflects unique personality and experience. Thus the averaged values of societal members can also point to cultural values.²²⁸

In general, this analysis is based on absolute figures. It did not take into consideration the relativity of the Mean. This means that the lower rate of a particular value does not mean that it is not important to public

employees. That lower score might even be high compared to results from other studies.

The question to be considered here is the following: Did the respondents express their own value priorities, or did they choose the answers which they perceive as desirable?. Therefore the questions in the questionnaire were formulated in a way to express their own value priorities. Respondents chose from listed value items while answering the question, "The guiding belief in my work is ...". The questionnaire part constructed for this study contains 50 items intended to define ten motivational types of values. The answer is registered on a seven point scale, from 5 to -1, indicating the preferred beliefs in everyday work relations. Examples of items are shown below:

Power							
Please rate how important the values are to you personally in your work: 5 = of supreme importance, 4 = very important, 3 = important, ... 0 = not important, -1 = opposed to my values. <i>The guiding belief in my work is ...</i>							
	5	4	3	2	1	0	-1
Social status							
Wealth							
Authority							
Social recognition							
Preserving my public image							

7.5 Analysis and results

7.5.1 Analysis of higher order values

In order to determine the value hierarchies in the value structure, the mean measurement and factor analysis were used. The mean for each single value and for each of the 10 motivational types of values were defined. The results and descriptive statistics are presented in Table 17 and in Figure 18. For instance, self-direction has the highest mean rating of 4.24. Benevolence (4.22) is second; universalism (4.10) third; security (4.07) fourth and achievement (3.82) fifth. Conformity (3.81) and power (3.42) follow these. Hedonism (2.92) and tradition (2.68) were just before the lowest one – stimulation has the lowest mean rating of 2.52.

	N	Mean	Std. Deviation	Alpha
Power (PO)	784	3.4227	.90304	.85
Achievement (AC)	793	3.8250	.71055	.85
Hedonism (HE)	763	2.9187	1.02204	.86
Stimulation (ST)	751	2.5224	1.25565	.86
Self-direction (SD)	804	4.2361	.64840	.85
Universalism (UN)	772	4.0992	.73907	.85
Benevolence (BE)	778	4.2150	.66527	.85
Tradition (TR)	790	2.6886	1.05684	.86
Conformity (CO)	809	3.8146	.79121	.85
Security (SE)	793	4.0696	.74782	.85

Table 17. Descriptive statistics

In general, an initial summary of these findings would be as follows: Mongolian public sector employees, first of all, give priority to self-direction with emphases on independent thought and action, freedom, choosing their own goals and creativity; then transcending their selfish interests, they emphasize the well-being of others; after that they are concerned about life safety and stability. Then they are concerned with personal success in obtaining social approval and protection of order and harmony in relations. Significantly less important are an attainment of social status and prestige, and control or dominance as well as self-indulgence.

This analysis shows surprising results. If one looks at the mean numbers, two incompatible or opposing types of values, self-direction versus security and self-direction versus conformity are of high significance. These motivational goals are incompatible. Self-direction values are driven by the motivational goals of growth and change, but security and conformity values are driven by goals to conserve of the status quo. According to the two-dimensional value theory of Schwartz, value types that emerge in opposing directions from the origin are postulated to be in greatest conflict. Analogously, an emphasis on independent thought and action favoring changes would threaten the stability and safety of life. Probably, radical democratic changes in Mongolia have on the one hand opened a lot of opportunities to its citizens; on the other hand they have increased some risks. The greater the opportunities, the greater the challenges that are caused.

Self-direction versus conformity: this dimension contrasts an emphasis on independence of thought and action with an emphasis on restraint of one's own inclinations in favor of conformity to social

expectations. The simultaneous expression of autonomy and submission is psychologically as well as socially incompatible. Regarding the relevance of self-direction to social development level, scholars propose interesting ideas. Nations with institutional structures conducive to independence (e.g. widespread higher education, religious pluralism, occupations demanding no routine decision making, democratic political structures) will foster self-direction values in their society. Such institutions will also run more smoothly if citizens give high priority to self-direction over conformity values. Moreover, institutional structures (with limited educational opportunities, a single sovereign religion, routinized and closely supervised occupations, a centralized political structure) that foster self-direction will come into conflict with those conducive to conformity.²²⁹ However, the mean values presented here show that this conflict by its very nature dominates Mongolian individuals' values. This means that Mongolian public sector servants very often face the need to choose whether to be proactive and dynamic or to be self-restrictive and stable.

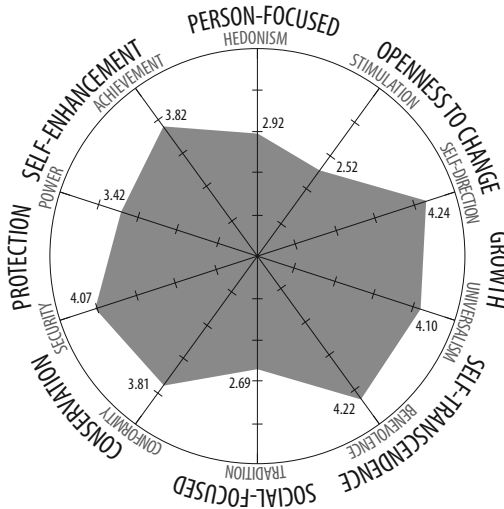


Figure 18. Means of value types

Self-transcendence values (combining benevolence and universalism) are also highly rated in this analysis. This means that an achievement reached by all for all is always better. The next important idea was that within the social-focused motivational values, tradition was rated lower than others. In general, Mongolian social relations are very much influenced by tradition, although in the work environment its importance is weak. Hedonism as well as self-stimulation values that derive from person-focused goals are also rated low.

7.6 Correlation analysis

The correlation matrix was based on 10 types of values. The strongest correlation was .792 between benevolence and universalism value types and the weakest was between self-direction and tradition.

There was no negative correlation between the 10 types of values (Table 18). In addition, the correlation between the 50 single values was counted. The highest positive correlation was .673 between social order and job security. The strongest negative correlation shown is -.131 between pleasure and national security.

		PO	AC	HE	ST	SD	UN	BE	TR	CO	SE
PO	Pearson Cor.	1	.640*	.456*	.443*	.392**	.345**	.355**	.375**	.348**	.356**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000	.000	.000	.000
AC	N	784	759	730	722	766	740	740	753	764	752
	Pearson Cor.	.640*	1	.399**	.396**	.514**	.467**	.469**	.347**	.389**	.404**
HE	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	759	793	737	728	773	744	750	759	770	761
ST	Pearson Cor.	.456**	.399**	1	.596**	.247**	.244**	.259**	.456**	.322**	.239**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
SD	N	730	737	763	721	744	725	728	739	746	738
	Pearson Cor.	.443**	.396**	.596**	1	.212**	.278**	.271**	.508**	.325**	.223**
UN	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	722	728	721	751	739	720	723	735	740	733
BE	Pearson Cor.	.392**	.514**	.247**	.212**	1	.692**	.701**	.191**	.463**	.531**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
TR	N	766	773	744	739	804	761	767	778	790	778
	Pearson Cor.	.345**	.467**	.244**	.278**	.692**	1	.792**	.345**	.554**	.645**
CO	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	740	744	725	720	761	772	752	759	766	761
SE	Pearson Cor.	.355**	.469**	.259**	.271**	.701**	.792**	1	.345**	.592**	.672**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
AC	N	740	750	728	723	767	752	778	760	769	760
	Pearson Cor.	.375**	.347**	.456**	.508**	.191**	.345**	.345**	1	.538**	.339**
BE	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	753	759	739	735	778	759	760	790	784	777
TR	Pearson Cor.	.348**	.389**	.322**	.325**	.463**	.554**	.592**	.538**	1	.561**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
CO	N	764	770	746	740	790	766	769	784	809	787
	Pearson Cor.	.356**	.404**	.239**	.223**	.531**	.645**	.672**	.339**	.561**	1
SE	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	752	761	738	733	778	761	760	777	787	793

** Correlation is significant at the 0.01 level (2-tailed).

Table 18. Correlations

7.7 Factorial structure of values

To explore the more dominating factors in the value structures as well as to verify the findings from the previous analysis, the factor analysis procedure was carried out. The Scree plot (Figure 19) analysis provides three main components within the total loadings of 50 values of 878 samples.

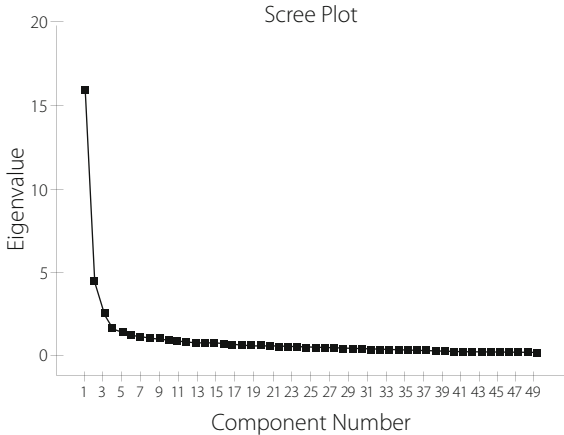


Figure 19. Scree plot

Three factors account for 59.4 percent of the total variance. The first component's Eigenvalue is equal to 15, the second component is equal to 5, and the third is about 3. The factor analysis yielded three bipolar factors. The rotated factor pattern is shown in Table 19. The first factor or component is labeled "pro-social", which includes values for others, the second factor or component is "self-enhancement", and the third factor is called "Introversion".

The *first component* is that of *pro-social* values that contain *self-direction values* (curiosity, independence, creativity); *universalism values* (equality, broad-mindedness, world peace, inner harmony, social justice, wisdom, unity with nature); *benevolence values* (helping, honesty, true friendship, loyalty, forgiveness, meaningful work, responsibility); *tradition values* (respect for tradition, moderation); *conformity values* (respecting senior people, politeness, self-discipline); *security values* (social order, national security, job security, reciprocation of favors, family security, sense of belonging). According to the two-dimensional Value theory of Schwartz, almost all these values, except three single values

from the self-direction values, belong to the pro-social values. In the first column of the table, wealth, ambition, pleasure and humility are values which have negative relations to the items of component 1, which gives an indication that people who are motivated by pro-social value types attach less importance to wealth and pleasure and are also less likely to be ambitious and humble.

Component			
	Factor 1 Pro-Social Values	Factor 2 Self-Enhancement Values	Factor 3 Introversion Values
Helping	.727		
Social order	.712		
Respecting senior people	.676		
Forgivingness	.659		
Honesty	.658	.336	
Inner harmony	.644		
Broad-mindedness	.642	.334	
Politeness	.640		
World peace	.638		
Equality	.636		
True friendship	.630	.330	
Unity with nature	.630		
Loyalty	.621	.385	
National security	.618		
Family security	.611		
Self-discipline	.609		
Moderation	.591		
Job security	.587		
Social justice	.586		
Respect for tradition	.581		
Curiosity	.568	.411	
Responsibility	.568	.381	
Sense of belonging	.558		
Meaningful work	.554	.368	
Reciprocation of favours	.553		
Wisdom	.536	.435	
Independence	.520	.494	
Choosing own goals	.394	.602	
Authority		.574	
Competence		.565	
Intelligence		.554	

Component			
	Factor 1 Pro-Social Values	Factor 2 Self-Enhancement Values	Factor 3 Introversion Values
Success		.544	
Creativity	.535	.538	
Self-respect	.360	.533	
Social status		.525	
Social recognition		.501	.367
Freedom	.395	.482	
Enjoying life	.332	.408	
Humility			.757
Pleasure			.680
Devotion			.669
Daringness			.658
Accepting my lot in life			.658
Obedience	.353		.608
A varied life			.606
An exiting life			.573
Ambition		.336	.531
Wealth		.379	.529
Influence		.430	.436
Preserving my public image		.356	.409
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. a. Rotation converged in 13 iterations.			

Table 19. Rotated component matrix

The *second component* named *self-enhancement* includes *self-direction values* (choosing own goals, self-respect, creativity, freedom); *power values* (authority, social recognition, social status, social recognition); *achievement values* (competence, intelligence, success, influence) and enjoying life. The central idea of these values is choosing one's own goals and acting independently to achieve what one wants in life. "If you endeavor, fate will favor." The life of a person depends only on his/her effort, therefore an individual driven by these values is unlikely to be moderate, accepting of his or her own lot in life, humble, devout as well as to reciprocate favors.

The *third component* labeled *introversion* contains *tradition values* (humility, devotion, acceptance of one's lot in life); *stimulation values* (daringness, a varied life, an exciting life); *achievement values* (ambition, influence); *power values* (wealth, preserving my public image) and

pleasure. This component expresses the meaning of being passive, submissive and achieving something in life by exerting no effort. Not making an effort to have a better life or not working to live a better life is the main idea of this component.

7.7.1 Analysis of values by residence

As previously mentioned in this chapter, particular social and structural conditions generate the content and meaning of value structures and permeate all thought and action of its members. In addition, living in urbanized or in rural places determines what can be known and, therefore what can be valued. As has already been discussed, in the peripheries hierarchical and fatalist culture take over the egalitarian and individualist social relations. Therefore the cultural biases consistent with those structures would be common. This idea is reflected in the research results. To explore the similarities or differences in the value types ordered between the capital city and 8 provinces their means were calculated and compared. The result is shown in Figure 20.

First of all, the value content and structure of respondents from Ulaanbaatar city and the 8 provinces are consistent with the averaged value types. Interestingly, the compared averaged scores of universalism, benevolence, tradition, conformity, security and power are almost the same. This consistency maybe refers to a unified culture of Mongolians. Due to the generality of the Mongolian culture and its consistency over time, cultural biases are formed and transformed across the country forming similar social conditions.

Nonetheless, there are some differences visible. Along two dimensions such as openness to change and person-focused values, the averaged scores of respondents from UB and the provinces are slightly different. This demonstrates that people in the provinces are less likely to follow their own intellectual and emotional interests in unpredictable and uncertain situations than people from Ulaanbaatar city. Respondents from the city tend to be more open to change and a bit more self-oriented than people from rural areas. There are also very small differences along the self-enhancement and growth dimensions. Again, here people from the city scored a bit higher the self-direction and achievement motivational values.



Figure 20. Comparison of value means by location

7.7.2 Analysis of single values

As people pursue their values they make specific choices in uncertain or conflicting situations, and they usually associate the consequences with these choices. Repeated experiences and consistency of particular values in determining the decisions inevitably leads to the formation of individuals' value structures.²³⁰

Motivational types	Values	N	Mean	Std. Deviation
Power	Social status	839	3.88	1.095
	Wealth	817	2.54	1.612
	Authority	838	3.63	1.190
	Social recognition	830	3.52	1.227
	Preserving my public image	834	3.60	1.313
Achievement	Influence	816	3.60	1.220
	Intelligence	852	4.46	.765
	Ambition	820	2.54	1.751
	Success	836	4.08	.896
	Competence	854	4.48	.734
Hedonism	Enjoying life	869	4.30	.929
	Pleasure	764	1.57	1.681
Stimulation	An exciting life	821	3.24	1.421
	Daringness	779	2.25	1.534
	A varied life	785	2.22	1.677
Self-direction	Self-respect	839	4.23	.878
	Choosing one's own goals	836	4.26	.811
	Curiosity	832	4.15	.861
	Freedom	824	4.11	.973
	Creativity	853	4.40	.780
Universalism	Independence	835	4.28	.859
	Wisdom	840	4.40	.746
	True friendship	828	4.18	.943
	Broad-mindedness	833	4.27	.797
	Unity with nature	813	3.98	1.056
	Inner harmony	800	3.75	1.097
	Equality	808	3.97	.963
	Social justice	835	4.27	.969
Benevolence	World peace	802	4.01	1.215
	Meaningful work	828	4.26	.895
	Loyalty	835	4.36	.781
	Responsibility	843	4.49	.732
	Helping	815	4.00	.930
	Honesty	834	4.36	.836
	Forgiveness	803	3.81	1.110

Motivational types	Values	N	Mean	Std. Deviation
Tradition	Respect for tradition	857	4.09	.954
	Moderation	842	3.85	1.086
	Accepting my lot in life	803	2.27	1.754
	Humility	802	1.37	1.675
	Devotion	810	1.90	1.747
Conformity	Politeness	849	4.09	.861
	Respecting senior people	844	4.14	.895
	Obedience	817	2.80	1.556
	Self-discipline	840	4.26	.894
Security	Sense of belonging	808	3.81	1.029
	Social order	840	4.02	.933
	Job security	833	4.20	.957
	National security	831	4.37	.918
	Family security	825	4.32	.950
	Reciprocation of favors	818	3.73	1.145

Table 20. The means of the single values

In order to find out what single value was given the priority among all 50 values, the analyses were run for each value group separately, comparing the means of single values within the group (see Table 20) and then analyzing the values with the highest and lowest scores.

Among the *power values* the respondents scored social status, authority and preserving one's public image as relatively more important in their work relationships than being wealthy. This means that public employees, in order to be able to do things or to be able to get the outcomes they want, emphasize the importance of being accepted in the social system. From the *achievement values* respondents gave the priority to competence and intelligence. The next highest scores went to success and influence. Ambition ranked last. This demonstrates that public employees tend to perceive personal competence and intelligence as the most important sources for achieving socially accepted standards, thereby obtaining social approval.

The goal of the *self-direction values* type is independence of thought and action. Within these values, creativity was rated as more important than independence, and choosing one's own goals, self-respect, curiosity and freedom ranked next highest. Self-direction was derived from organismic needs for control and mastery and the means suggest that creativity and independence enable people to satisfy those needs.

Benevolence values were also highly scored. Particularly ethical values such as responsibility, loyalty and honesty were a priority within the group. However, the goal of these values is the preservation and enhancement of the welfare of people with whom one is in frequent personal contact and it fosters cooperative and supportive social relations among people.

Interestingly, respondents scored lower the values of helping and forgiveness. Family security, national security and job security were rated highly. *Tradition*, especially values referring to religious devotion, humility, obedience and accepting one's lot in life, got the lowest ratings in this study. However, respect for tradition, respect for senior people, commitment, and acceptance of the customs as well as self-discipline were scored higher.

7.7.3 Values and gender

Traditionally, the social roles of men and women have been clearly distinct: men tended to have a ruling or dominant role in social relations. This tradition still exists. It is easily observable in everyday family or business life. Most scholars argue that men give significance to power and achievement values, whereas women emphasize benevolence and universalism.²³¹ In circumstances in Mongolia where traditional culture still has a potential to impact social relations, gender is one of the greatest demographic variables of the public sector in Mongolia. In order to examine value differences of men and women, the means of the two genders are again compared to the total mean. The result is demonstrated in Figure 21. The findings show the following:

Power values: To gain power men tend to be more concerned about their social status, their authority and social recognition than women. But women instead give priority to money to be powerful.

Achievement values: For men, achievement is associated with influence and intelligence. For women, their achievement would be more linked with their success, competence and ambition. Interestingly, for women both influence and intelligence are less important.

Hedonism values: Women and men are very different in terms of pleasure. Men are more eager to have pleasure in their life than women are.

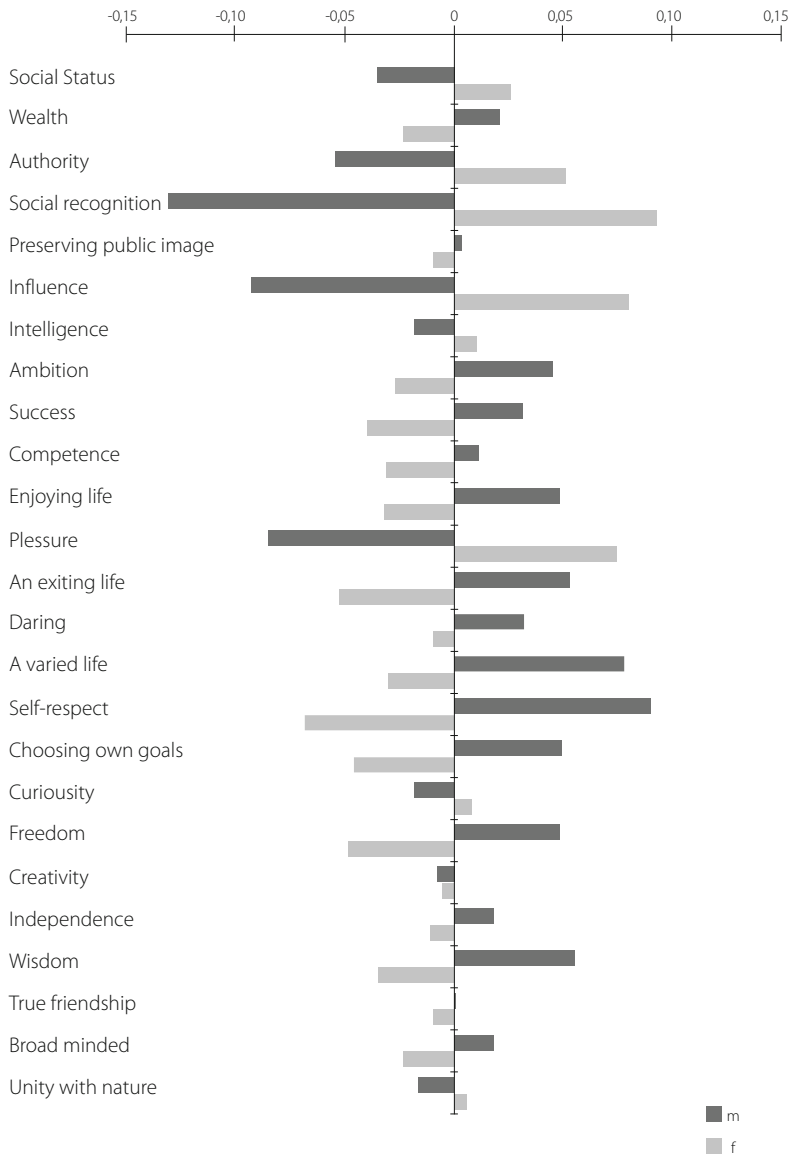
Stimulation values: Women tend to prefer a varied life and daringness more than men. Men did not score highly a varied life and daringness as did women.

Self-direction values: Men prefer to choose their own goals, but women chose self-respect, curiosity, independent thought and action as more important than men. Women are willing to be autonomous and independent. Interestingly, freedom is scored almost the same by both.

Conformity: Being polite, respecting senior people and self-discipline is important for women, although they do not much appreciate being obedient. Nevertheless, men do appreciate obedience very much, but not politeness nor respect for senior people.

Security: The motivational goal of this value type is safety, harmony, and stability of society, of relationships, and of oneself. For female employees, social order and reciprocation of favors, especially a secure job are the most important values of being secure. For men, national security and family security are more important and, unlike women, a secure job is not as important.

Public employees' value systems



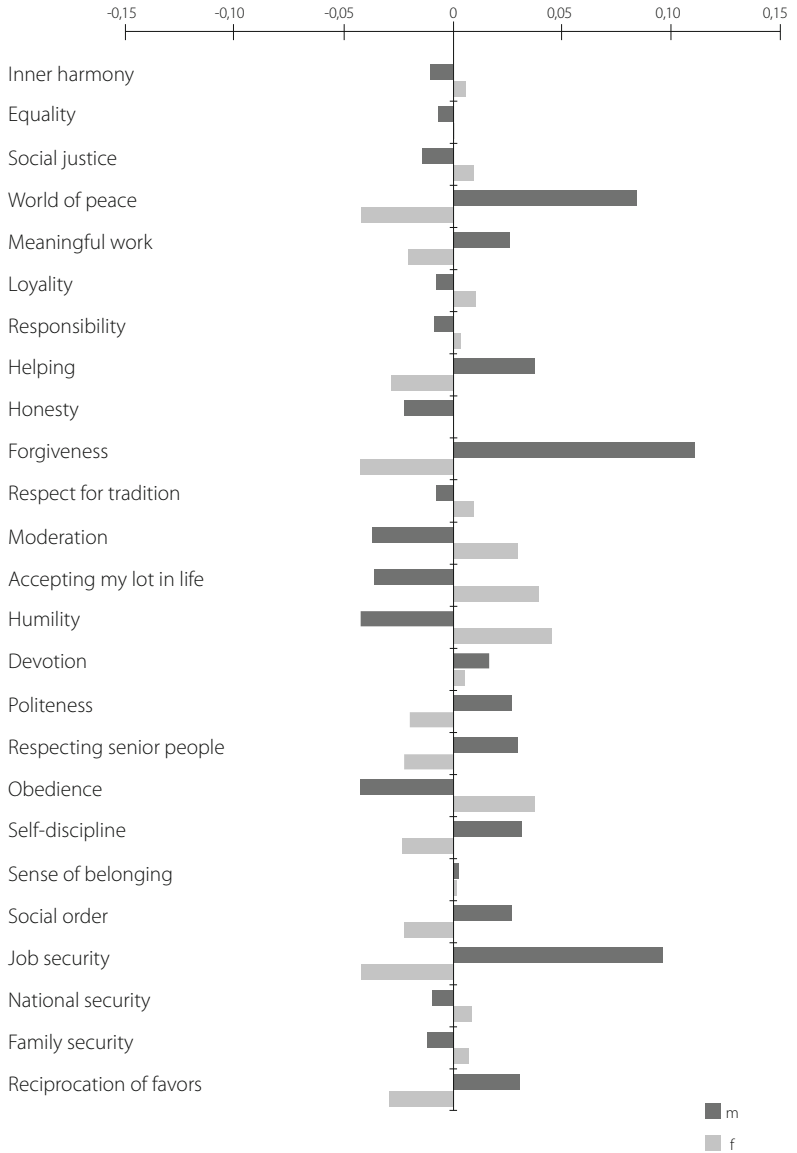


Figure 21. Gender and Values

7.7.4 Values across generations

In general, the official duties of public employees have remained almost unchanged across time and location. However, some variations have been occurring in line with public administration reform concepts. Emerging new administrative practices bring changes to the mindset of employees. It may be true that people of different generations react differently. Therefore, knowing the degree of similarity and discrepancy of value systems for different age groups of public employees of Mongolia is important.

Usually scholars have different views regarding intergenerational differences. Some over-emphasize the generation gap. Others emphasize the continuity between generations, deciding that with changing needs, changing roles and responsibilities within the social structure, a person's values also change.²³² Therefore, people from different generations working in the same organization probably evaluate things or events from different points of view. Age advances their social status, their social relations become more stable and they already belong to certain social groups with their own culture. This means they are more embedded in certain social structures and therefore they adapt personal values to their living circumstances that also bring changes to the environment as well.

	<25yrs	26–35 yrs	36–35 yrs	46–50 yrs	51–55 yrs	56<yrs
Hedonism	3.38(8)	2.98(8)	2.90(8)	2.85 (8)	2.73(8)	2.50 (9)
Stimulation	3.01(9)	2.59(10)	2.46(10)	2.44(10)	2.39(10)	2.10(10)
Self-direction	4.30(1)	4.26(1)	4.24(1)	4.17(1)	4.27(2)	4.05(1)
Universalism	4.13(4)	4.17(3)	4.09(3)	4.08 (4)	4.16 (3)	3.87(3)
Benevolence	4.27(2)	4.25(2)	4.23(2)	4.11(3)	4.29(1)	4.00(2)
Tradition	2.76(10)	2.73(9)	2.64(9)	2.74(9)	2.63(9)	2.51(8)
Conformity	4.04(6)	3.94(5)	3.69(6)	3.79(6)	3.81(5)	3.49(6)
Security	4.17(3)	4.11(4)	3.98(4)	4.12(2)	4.13(4)	3.82(4)
Power	3.85(7)	3.44(7)	3.42(7)	3.27(7)	3.30(7)	3.30(7)
Achievement	4.06(5)	3.85(6)	3.77(5)	3.82(5)	3.78(6)	3.65(5)

Table 21. Mean ranking orders of value types by age groups

Table 21 presents the mean ranking order of value types of age groups. The means of value systems of different age groups are similar to a certain extent. In particular, all age groups evaluated values such as self-direction and benevolence as high in importance; on the contrary, stimu-

lation, hedonism and tradition were rated low in importance. Figure 22 interprets the results. The similarity across different age groups does exist. However, it demonstrates several interesting differences. Younger generations, especially public employees under the age of 25 tend to be oriented toward more person-oriented values than older generations. They are more concerned with self-enhancement values and more excited by changes and challenges. Respondents of younger age scored higher the values of power, achievement, hedonism and stimulation compared to other age groups. Older generations are concerned more with self-transcendence (benevolence, universalism) values.

These findings show that public employees of all ages tend to be oriented towards growth motivational values particularly in choosing their own goals, possessing independence in thought and in action as well as tending to be oriented toward others. Generations may differ in their degree of attachment to certain values more than others. Only this would be a source of value discrepancy.

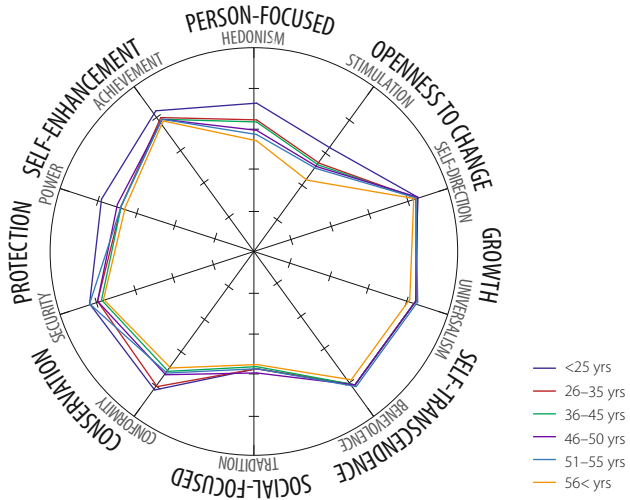


Figure 22. Value type means by age group

Finally, however, the older and younger generations experienced different sociocultural influences when they started their career in public service and followed different doctrines; they tend to have similar preferences in their work. More precisely, the older generation has been educated by communist ideology but the younger ones with a democratic worldview.

7.7.5 Values of public administrative and service sector employees

The education sector refers to the public service sector, consequently teachers at the state-owned universities are considered to be civil servants. Serving the state and the people is the general task of administrative and service employees. Nevertheless, these two services differ in their distinctive work conditions and work content. For the most part, the work environment of university teachers is characterized by professional autonomy and flexibility in time and space arrangements.

Everyday activities experienced in these organizations shape work relations and affect their work values differently. In Figure 23 is shown the differences of value means by sectors.

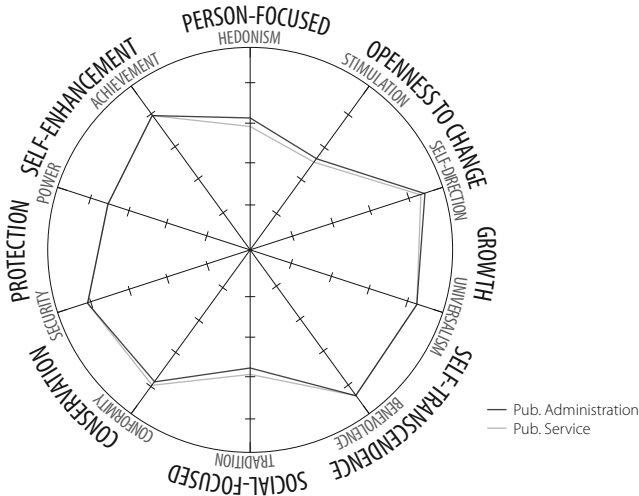


Figure 23. Value means by administrative and service sector

Although the work cultures are very different in the two sectors, there exists a shared mentality or a common pattern of value types among Mongolian public employees. Employees of both sectors gave priority to self-direction, universalism and benevolence values. For some value types, the average scores are different. Education employees scored the self-direction value type emphasizing independence of thought and action as well as hedonism values higher than administrative employees. The administrative employees score to the conformity and tradition values are slightly higher than the others. This averaged score comparison to some extent supports the ideas of different work conditions.

7.8 Discussion

What motivational goals do the dominant values express? How are these goals relevant to the prevailing social relations? These are the questions to be discussed here. In order to explore the relevance of public employees' values to the contemporary organizations' cultural contexts, correlation analysis will be applied.

As the research results show, there are some positive correlations. The strength of the correlations, however, is low and vague. It does not afford an opportunity to clearly distinguish the relevance between dominant values and the prevailing cultural types. The correlations between the values of self-transcendence (benevolence and universalism) and high interrelatedness of culture, and between individualism and self-enhancement were calculated. The answer is probably related to the methodologies that are used in this study. Initially, cultural theory was used to examine types of culture; its questions explore behavioral strategies, though, not values.

Statistical evidence was not strong enough to show the relation between institutional-level and individual-level values. As discussed previously, theoretically there are many reasons explaining the relevance between cultural types and dominant values. First, just like any other part of Mongolian society, public organizations pursue rules and values that guide all social interaction in order to be perceived as legitimate. Second, public employees socialized and educated by the shared common mentality of thought and behavior maintain the interests of their inherited culture. Third, the contingency of cultural priorities is sustained by reinforcement mechanisms in societies imposing a particular set of values.

As White writes, values reflect social actions more than they create them.²³³ Some scholars dispute that in developed societies the nature of jobs demanding creativity and initiative, family socialization and a high level of education very often lead people to experience a conflict between the values of protection and those of growth. In developing societies, however, poorer socio-economic conditions and basic survival needs that remain unmet discourage the pursuit of growth values. For this reason, people in developing societies are likely to experience fewer everyday choices between protection and growth values.²³⁴ However

233 White, H.C. (1993). "Values come in style, which mate to change." In *The origin of values*. Edited by Hechter, Michael; Nadel, Lynn and Michol, Richard E. Aldine de Gruyter. p.63.

234 Fontaine, Johnny R. et al. (2008). p. 5.

true this may be, the results of this analysis reveal that also *in Mongolia people are very often faced with choices between growth and protection values*. As a consequence of the political regime reform, economic liberalization and social changes in Mongolia have been affecting the values of individual members of the society. One of the interviewees for this study, a director of an academic organization, said, “[l]ife in Mongolia is becoming too dynamic. Everyone is trying to achieve something in their life or to be successful in their life”. The increasing number of private enterprises entering into the business world, thousands of non-governmental organizations promoting democracy in Mongolia and the rapid growth of the service sector and the construction industry all evidence social actions toward intensive development and growth.

The growth values (self-direction) and protection values (security and conformity) are closely interrelated. Growth, dynamic development, imposes a new mentality, new norms, new standards and a new way of working that also brings about discrepancies and threatens the status quo. In order to maintain the sustainability of development, protection is necessarily desirable for any society. If greater importance is given to only one of these two values, then the harmony of social life will be destroyed. In order to *maintain a balance of social relations*, both opposing values must be given equal significance.

The present research findings demonstrate that support for one of these two value orientations does not necessarily lessen the extent of one's preference for the other. As Abraham Maslow elaborated, avoiding threat and maintaining security is the primary goal to which human beings give priority.²³⁵ This is the goal of protection values. Even people who focus more on growth values are likely to weigh them against the potential threat to protection values. As written in chapter 1, like in all transition economies, almost all economic security, equality in income and living conditions, as well as the guaranteed services from the socialist period were eliminated. Most people do not know what to expect and what to experience in their life. Many of them have not been able to discover for themselves the rules and values that will guide their social life. Moreover, new social institutions have not yet settled into established structures; incompatible or conflicting obligations and rules coexist simultaneously. In this *capricious situation* individuals must choose between personal security and social obligations. As always, any change brings disturbances and threatens the “secure” life of people.

The significance of protection or security values among public employees may be also caused by the existing cultural environment of public sector organizations, particularly by the *rule-boundedness* of relationships. In very highly ranked relationships, all roles are ascribed strictly according to position, gender and age and all actions are determined by rules. Any discrepancy is punished according to existing laws and norms. In these circumstances people tend to seek protection.

The present study shows that self-transcendence values (benevolence and universalism) concerned for the welfare of others are dominant among public employees. If benevolence values emphasize the maintenance of the welfare of people with whom one is in close contact, then universalism values are concerned for the welfare of all human-kind and for all living beings.

The high relatedness or connectedness of relationships among public employees is the one of the main findings of this cultural study. The basis of high relatedness and self-transcendence values is the interconnection with an ingroup or an outgroup of people. Traditional cultural legacies of the nomadic lifestyle based upon kinship relations, which has further evolved into localism and regionalism, are the sources of this high relatedness.

7.9 Conclusion

The two-dimensional value theory of S. H. Schwartz was applied here to the study of values of public employees of Mongolia. Among ten types of values, self-direction had the highest mean rating of 4.24. Benevolence (4.22) was second, universalism (4.10) third, security (4.07) fourth and achievement (3.82) was fifth. Conformity (3.81) and power (3.42) were rated next highest. Hedonism (2.92) and Tradition (2.69) were rated just higher than the lowest one – stimulation, which had the lowest mean rating of 2.52.

This result was confirmed by factor analysis. The first factor, “*pro-social*,” contains values with motivational goals for self-transcendence, social-focus and conservation. The second factor, “*self-enhancement*,” combines values emphasizing the growth and self-enhancement motivational values. The third factor, “*Introversion*,” includes values driven by motivational goals favoring conservation and self-centeredness. From these two results it may be concluded that the motivational pro-social as well as self-transcendent values are predominant among work values of Mongolian public employees.

The values of Mongolian public employees to some extent have been influenced by the contemporary social as well as the organizations' socio-cultural contexts. This is evidenced by higher priorities given to growth (self-direction and benevolence) values and to conservation (security) values.

The content and the structure of the value system of respondents remained almost the same regardless of their residence, age, gender and the nature of their work. This consistency points to a unified Mongolian culture. However, some slight differences are visible. It was shown that people in the provinces are more likely to preserve their traditions than people from Ulaanbaatar city. Respondents from the city tend to be more open to change and a bit more self-oriented and also emphasize self-direction and achievement motivational values than people from rural areas. Respondents of younger age scored higher the power, achievement, hedonism and stimulation values compared to other age groups. The older generations were concerned more with the self-transcendence (benevolence, universalism) values.

8 Ways to institutionalize the new values

8.1 Introduction

From the perspective of the institutional leadership theory, the present work argues that the leaders promoting and protecting values are the key players in transforming the Mongolian public sector towards democracy. Based on the study results on structural environment and individuals values, this chapter aims to answer the following research questions:

1. How can a commitment or consensus be created between the values of new and existing public sector organizations?
2. What role should managers play in supporting public servants to work toward an organization's mission?

The chapter begins with the integrative discussion based on previous findings. It aims to describe the existing environment's implication for work behavior of public employees. Any targeted action usually is determined by an interaction between the person and the situation. This means that how public employees react to public sector reform ideas, whether they apply them into their work directly or ignore them, and how they implement them is very much concerned with the circumstances in which they work and what their work preferences. According to structuration theory, the situation differs by the rules regulating the actions and resources that provide an opportunity for an action. In addition, it means that the actions will depend upon the person's reflection of the structural conditions and his or her choice of action. It discusses how the processes of public management reform were managed in Mongolia and how the sociocultural environment with high influence of rule-boundedness and high relatedness affected with it, what opportunities and constraints they brought to management. Then it describes the ways to integrate the new values into day-to-day public management, emphasizing the consistency of legal environment, institutional leadership and training of public employees.

8.2 Integration of the studies

Here the individual's values play a major role in choosing an action, in deciding whether to accept the values of the structure or to try to bring in new values changing the routines and recreating the structure. The more accurately the existing cultural environment is understood, the more credible will be the the individual's prediction about and judgment of the actions of other individuals.²³⁶ Consequently, management would also be more efficient. Hence, this discussion based on the main findings from the previous three chapters shall describe the opportunities and obstacles to management of the public sector in Mongolia.

8.2.1 Managing changes in the public sector

As previously mentioned, since 1992 the Mongolian public administration has undergone reforms. The initial stage of the reform (from 1992 to 1996) introduced a traditional career based system of public administration based on the concepts of a centralized bureaucracy. In addition, in 1996 the "managerialist" ideas were brought into the reform strategy. Thus, defining the missions and visions of the organization, and developing business and strategic plans became a new requirement for public sector supervisors. Hence, the strategic leadership idea was a new introduction. After one year from its implementation, this reform idea was taken over by the next reform idea. In the second phase (from 1997 to 2011), the NPM concept emphasizing performance management, contract management and power delegation to line managers was applied in administrative practice. The third phase, associated with the recently passed Law on Budget, will launch in January 2013.

In this regard, the public sector in Mongolia is facing the shift from one value system to another system, which is not an easy process. Usually it necessitates a long period of time. In the case of Mongolia, most reform activities have been implemented or emphasized for shorter periods. With emerging new agendas, the former reform policies are usually left behind. The reform concepts that are to be internalized by public employees and are to become an indistinguishable part of their routine need time, however adaptation to the new requirements was interrupted again and again.

From the view of the neo-institutional change management model, political and administrative leaders do not equally consider all phases of the reform proceedings. Some phases were regarded as most important but some were not (see Figure 24). The political and economic transitions from socialism to democracy, especially fiscal pressures and conditionality from donors were the most powerful precipitating jolts for public management reform in Mongolia. Most frequently, the leaders focused on challenging fiscal pressures sought solutions targeted to this problem. In general, they preferred to imitate the experiences from developed countries rather than initiate the solutions on their own. Political and administrative leaders enacted the solutions into laws and administrative decrees. Consequently, the structural and operational reforms such as creating and demolishing agencies, revising functions, and restructuring central government organizations were the next measurements. Hence, they destabilized the former policies as well as interrupted the routine of public sector work. Thus, the deinstitutionalization and pre-institutionalization phases were heavily emphasized. Actually, the legitimizing reform idea is an initial point of institutionalization. It declares the appropriateness of the reform policy for specific problems.

Good management that creates new practices and develops a patterned behavior in order to establish new shared social meanings is the most important factor for successful implementation of reforms. The paradigm shift or shift from one value system to another requires a change in views and attitudes of the people. Hence, only leaders organizing daily administrative work are able to make public employees understand that the old ways are no longer effective and explain the chain of cause and effect of the reform policies. The change phases such as theorization and diffusion are very often the least considered in the reform processes.

In order to prepare public employees to work in a new way, short term trainings were organized across the country at the beginning of the reform process. It was enough for acquiring information about the new regulations and new requirements but not enough for learning and accumulating knowledge to implement those reform ideas productively. The main idea of the theorization period can be described as follows: "If the institutional influence is consistent and events are most frequently experienced in life, then it generates values, creates representational schema. Any action fitting to the schema will be acceptable because it is an expected one".²³⁷

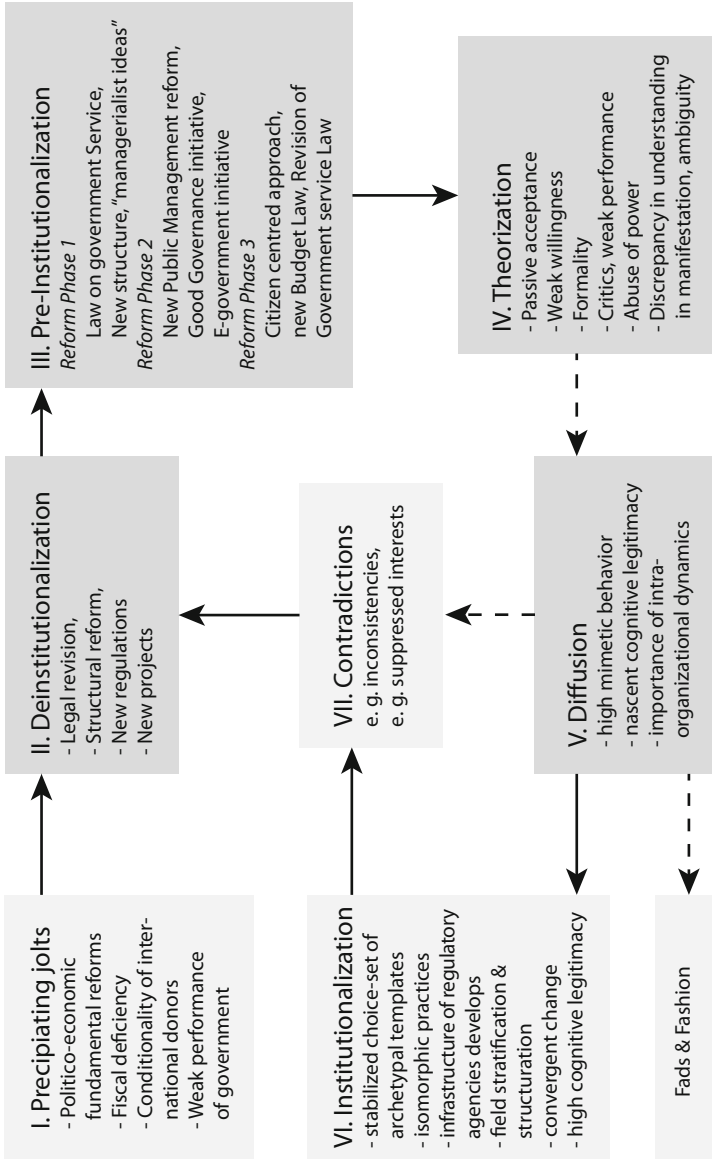


Figure 24. The public sector reform proceedings

This means that the public organization's leader plays a major role in "social learning" activities within and outside of public sector organizations for disseminating knowledge and building awareness not only among employees of the organization but also among relevant stakeholders and interest groups. This would contribute in earning legitimacy and support from inside as well as outside.²³⁸

Thus the action of leaders to implement the reform policies in government organizations is very much determined by institutional circumstances as well as by their personal preferences. Here three aspects will be discussed concerning how situational and personal aspects influence administrative practices: 1) institutional structures and hierarchy, 2) the degree of openness and participation in the ruling and making decisions, 3) ways to control and resolve conflicts.

8.2.2 Rule-bounded culture, its implications for management

In rule-bounded cultures customary and legal rules and norms determine every action and every relation in the society. Rule-boundedness is a universal phenomenon, though the degree of its strictness varies from society to society. In the case of Mongolia, rule-boundedness derives from the traditional customary norms and has strong influences in official work environments even at the present time. From greetings to goodbyes, from official to unofficial meetings, even in celebrating small events there are so many Do's and Don'ts shaping the behavior of Mongolians. Besides that, seniority principles also can easily evidence how customary rules bound the behavior of people.

Institutional structures and power distribution. These customs and rules clearly define the social roles of people and determine their interdependence, especially the scope of their activities and functions. In this regard a rule-bounded culture clearly defines the reciprocal relation between rulers and those being ruled. As discussed earlier, Mongolian society is not strongly stratified economically, socially, and politically, as traditionally a higher status within Mongolian society is usually defined based not on economic wealth but on a person's mental characteristics, on his or her intelligence and abilities to bring people together. Accordingly, the power is concentrated in the upper levels of the hierarchical structure and held by only a few people. The responsibilities of people

in power are making decisions, setting rules and regulations and being responsible for the wellbeing of their followers. In short, the relation between supervisors and subordinates was that of telling and listening.

Top-down management is a common phenomenon in hierarchical culture. Senior civil servants and managers bear the responsibility for the organization and therefore set the goals, objectives and performance criteria. Usually they tend not to emphasize broad involvement of others in decision-making and implementation. Thus, they make the organization more dependent on the decision makers' leadership quality. In other words, an organization's performance depends on leaders' vision, their will to set challenging goals driving towards development, to make decisions on investments, and to plan their implementation.

In hierarchical culture, the role of public employees is only to implement decisions and comply with new policies and regulations. Under these circumstances an individual's initiatives and achievements might be suppressed by his or her role in hierarchical structure and the opportunities to participate in administrative decision-making are limited. If decisions are ambiguous and management directives are inaccurate then for security reasons employees probably prefer to have clearly set rules and regulations attached to their social roles. In this hierarchical relation public employees usually assume that their primary accountability is to the supervisors rather than to the public.

Controlling and conflict solving. In the hierarchical culture, control by leaders is very common. Very often control processes within or beyond public administration use some form of internal inspection or control carried out by a supervisor, quality checker, or internal auditor. The main purpose of the control is to ensure the status quo and examine any disturbances of rules and norms. However, the results of internal inspection depend on the official in charge of control.²³⁹ Sometimes it depends on the status of the inspected officials. This is due to the fact that in a hierarchy the supervising bodies are not questioned very much on their performance in general. Under the circumstances in which power is concentrated in the hands of decision making officials, in which institutional pressure is weak to hold decision making bodies responsible for their performance, they will easily use the entrusted power in the pursuit of personal benefit. Particularly in a period of transition where the legal environment is under construction and its control is weak, people in power may use the rules "flexibly".

Openness and participation. In a rule-bounded structure the role differentiation between supervisors and subordinates obligates only the supervisor to make decisions, to initiate solutions, to take responsibility and to plan events. Consequently, a fatalist approach or submissiveness derives from the bureaucratic inertia of the public administration. Beginning with decentralization, reform program involvement and the participation of citizens and lower level civil servants in policy formulation and implementation have been promoted. In fact, however, there is not much participation in decision-making. Due to particular reasons, these initiatives are still not succeeding. First, government employees, neither supervisors nor subordinates, have the sufficient knowledge and skills to deal with different stakeholders with diverse views and interests. They have little experience in reaching an understanding and having dialogues with NGOs, the private sector, mass media, academic institutions and citizens. This is because in hierarchical organizations a “telling” culture dominates among supervisors but “listening” among subordinates. Second, in some legal documents refer to involvement and openness but how these changes are implemented is not well regulated legally. Certainly, to enact decisions from legal documents at first requires an understanding of what openness and participation really mean.

Thus, hierarchical culture concentrating power in the hands of leaders on one hand increases their potential to influence followers as well as increases their responsibility for effective management. This means there are favorable preconditions for successful implementation of strategic leadership, an idea which was embedded in the first two reform policies. On the other hand, the rule-boundedness creates an environment characterized by a lack of flexibility, creativity and independent action. In this regard, it constrains the effective implementation of strategic leadership. This circumstance could be one of the causes of the critique that “[g]overnment works well on the policy design making level, but only because of poor performance of low and middle level bureaucrats”.

8.2.3 High relatedness, its implications for management

In Mongolia, the most sparsely populated country, a high level of relatedness or connectedness between people is a common phenomenon. This is clearly evidenced in the present study. It was found that benevolence and universalism values as well as the high relatedness of interpersonal relationships prevail in public sector organizations. It indicates that an 'others-oriented' approach tends to be the common strategy in relationships among Mongolian public employees.

High relatedness refers here to collectivism. Individualism and collectivism, the two poles the same dimension, have been labeled with different terms such as idiocentric and allocentric²⁴⁰, cultures of separateness and relatedness. The four features of this dimension as defined by Triandis, namely, a) definition of the self, b) the structure of goals, c) emphasis on duties and obligations versus personal preferences, and d) emphasis on relatedness versus rationality²⁴¹ will guide the current discussion about the specific nature of the high relatedness among Mongolians.

In general, Mongolians consider themselves a part of the whole and view themselves as interdependent with others. The term "individual" in the Mongolian language is *huvi hun*, "a person who is a part of the whole", which may to some extent support this idea. As discussed earlier, the traditions derived from kinship and the reciprocal relationships of a pro-social culture encourage individuals to pursue close relationships with others and to be responsible for others.

In order to specify the characteristics of collectiveness in contemporary Mongolian society, the present research uses the term 'relatedness'. Relatedness and collectiveness both signify interdependence, reciprocity and closeness in interpersonal relationships. Nevertheless, these two differ in the degree to which they give priority to collective goals. In socialist times, "one for all and all for one" was the main slogan. Under this ideology, collective members united their efforts toward common goals, were responsible for each other and all benefited from the results. At that time, the situation required people to pursue collective responsibility. Today, collective goals do not carry the same weight as they did before. Now

240 Triandis, Harry (1994). p. 42.

241 Gelfand, Michele; Bhawuk, Dharm; Hisae Nishii, Lisa and Bechtold, David (2004). "Individualism and Collectivism." In: Culture, Leadership, and Organizations: The GLOBE Study of 62 societies, edited by House, Robert; Paul, J.; Hanges, J.; Javidan, Mansour; Dorfman, Peter and Gupta, Vipin. London: SAGE Publications, Inc. p. 443.

the relatedness of people created by common goals has relatively weakened. Economic growth, improvement to the living standard, the lack of a strong social ideology binding people together, a liberal political system and free market economy have all changed the relatedness between people. From the view of Triandas' proposal of different kinds of collectivism, the nature of relatedness among Mongolians has shifted from a horizontal collectivism towards a vertical relatedness. This means high relatedness is now common only within in-group relations and differs from others according to group status in the hierarchy.

The impacts of relatedness on management practices have not been well studied, however, some scholars make predictions in the following way. At the organization level, relatedness is characterized by interdependence. In a situation where relatedness is high, any successful performance, good results, even recruitment of new employees, assumes that a person has a close relationship with high-ranking officials. In addition, managers tend to think that individual employees are ready for self-sacrifice for the benefit of all and require doing so.²⁴² Thus, some misuse of relatedness such as nepotism, patronage, and corruption among public employees may occur in these circumstances. Mongolian public management experiences this problem as well. Moreover, the most important concern in their relationships is the opinions and views of other people. "What would other people say?" and "how would they react?" are common questions they ask instead of being rational.

Within the frame of public management reform in Mongolia, managerialism with market-type mechanisms, strategic management and performance management with a performance pay system have been applied. The high relatedness of people have challenged the implementation of these reforms, because the concept of the reform is not very compatible with the existing cultural environment. The market-like mechanisms are supposed to introduce competition into the public sector. Strategic leaders, Montgomery Van Wart writes, besides efficiency and effectiveness goals should also place importance on change and innovation in order to increase organizational profit in the market. Emphasis must be placed on winning in the competitive world.²⁴³ In situations where high relatedness takes over rationality, however, the prob-

242 Gelfand, Michele; Bhawuk, Dharm; Hisae Nishii, Lisa and Bechtold, David (2004). "Individualism and Collectivism." In: *Culture, Leadership, and Organizations: The GLOBE Study of 62 societies*, edited by House, Robert; Paul, J.; Hanges, J.; Javidan, Mansour; Dorfman, Peter and Gupta, Vipin. London: SAGE Publications, Inc. p. 445.

243 Van Mart, Montgomery (2011). *Dynamics of Leadership in Public Service: Theory and Practice*. New York Armonk: M.E. Sharpe. p. 187.

ability of having many innovations and increasing the competitiveness of public sector organizations would be low. Performance management and performance pay also encounter the same challenges. Especially the evaluation of performance is always a problem everywhere. However, it equally applies to public sector management where payment and reward policies are linked to individuals' performance. Unfortunately, in these circumstances subjective evaluation has taken over objectivity.

In sum, the frequent changes in the public management reform policies as well as an overemphasis on renewing regulations and restructuring within government agencies has weakened managerial responsibility to provide effective day-to-day management. Consequently, poor understanding and different manifestations of the reform policies have become major factors limiting change. Although the rule-boundedness and the high relatedness of the culture give opportunities to supervisors to mobilize the followers' effort towards the organization's goals, unfortunately in most cases they play a key role in retaining the old management habits and even promote misuse of this power.

8.3 Ways to endorse the new values

In today's rapidly changing world, the values of public service receive central importance. These values are considered inspiration for all employees and organizations within the public sector, however they are also expected to be integrated into systems and procedures as well as into the culture of the public sector. The ways to integrate values into public management are not too different, only the emphases vary from country to country in line with the preexisting cultural background of each. An issuing statutory document, delivering guidance to public employees and government agencies to explain the value meanings and the ways to implement them at work is the most commonly used initiative. Linking values with work conditions and incorporating values into policies and procedures have been emphasized in some developed countries. In addition to networking, consensus building, leadership, and training of public employees are also considered important ways to integrate different interest groups to collaborate toward the organization's mission. However, studies on the integration of values into public management are at their earliest stages of development even in developed countries, therefore opportunities to compare experiences and practices are very limited. In this section, experiences from some

developed countries will be discussed briefly. Then as the most adequate ways to integrate the new values under circumstances unique to Mongolia, the consistency of the institution, institutional leadership, and training of public employees will be discussed here.

8.4 Experiences from some developed countries

In the developed countries, central importance has been given to the value aspects of public management. The need for an enduring framework for decision-making in this continuously changing environment, the necessity to provide clear guidance in relationships between public organizations and their different stakeholders, and the requirement to standardize public services have been making value-based management increasingly important in Australia as well as in Canada.²⁴⁴ In New Zealand, values are considered the link through which the state's broad democratic principles are introduced in the routines of public employees.²⁴⁵

The public service values are stated in several statutory documents in the Westminster countries, except for Canada. Most legal documents such as the Public Service Act and the Public Service Code of Conduct provide the statements on values. Specifically, the Guidelines on Official Conduct of Commonwealth Public Servants are issued in Australia. Australia's public service commissioner is in charge of the evaluation of compliance with values, based on the organization's and individual employee's assessment checklist. Then the public service commission reports the results to parliament annually. Thus, the APS Commission strives to limit the discrepancy between rhetoric and reality.²⁴⁶ Hence, values are not just aspirational statements; they should be infused into systems and procedures of government organizations and reflected in attitudes and behaviours of public employees as well as in their services.²⁴⁷

In the case of New Zealand, public employees' values awareness is promoted through education activities. For this purpose, core value explanations in the form of videos on value-based scenarios were delivered

244 Podger, Andrew (2002). p. 2.

245 New Zealand (2001). "Values and Standards; Values in the New Zealand Public service." Wellington, New Zealand; State Services Commission. available at <http://web.archive.org/web/20020817185523/http://www.ssc.govt.nz/documents/valintro.htm>. accessed 05.05.2013.

246 Podger, Andrew (2002). p. 5.

247 Kernaghan, Kenneth (2003). p. 714.

to public employees. In the United Kingdom, value ideas are incorporated into regulations on work conditions of public employees. In addition, in Canada the values implementation initiatives focus their attention on alignment of policies and procedures with value statements. In order to align the rhetoric of political and government leaders to reality, the policies and procedures should be linked through the main value concepts. The main concern should be that the concept or mission of the government policies and their implementation activities reflect fully the principles of the state's activities.²⁴⁸ The leadership role is mostly emphasized here. In managerial functions, in order to limit the discrepancy in understanding and differences in information, effective communication and feedback must be emphasized. The ethical leadership showing ideal examples for public employees as well as increasing training and education in value awareness for public employees are the next important concern for integrating values into practice. Thus, value integration into public management is experienced differently in developed countries.

8.5 Consistency of the institution

Integration of values into public management depends upon the consistency of the institution. Consistency of the institution is an essential prerequisite for synergizing the efforts of all in the pursuit of shared values. It preserves continuity and enables changes to the structure. In this environment, the actions of individuals as well as organizations are credible and predictable. Because of shared values, members unify and collaborate. In so doing, the values create a conducive environment where organizations as well as individuals are able to reach their objectives.²⁴⁹

These are the features of the ideal institutional environment. In a period of transition, the most influential factor ensuring the consistency of the institutional framework is the consistency of the legal environment. As discussed in Chapter 5, the inconsistent legislative provisions of government service law and public sector management law create confusion. This opens up opportunities for misuse of power. The most important precondition for institutional consistency is creating *a sound*

248 Kernaghan, Kenneth (2003). p. 715.

249 Argyriades, Demetrios (2003). "Institutional reinforcement for human resources development: How to implement the goals of the millennium summit." United Nations. Leadership and social transformation in the public sector: Moving from challenges to solutions. New York. p. 19.

legal and regulatory framework. The broader the involvement of citizens, NGOs, other stakeholders, interest groups and academics as well as practitioners in policy formulation and law making processes would enable problems to be seen more objectively and more rational solutions to be found. Besides this, it would prevent high-level officials from “conflict of interest” situations as they pursue the goals of keeping the interest of the respective agencies and of increasing their influence, for this is how they create obstacles to effective policy making processes.²⁵⁰

The next most important thing that ensures the consistency of the institutional framework in order to create a favorable environment for integrating values into practice is defining the government institution responsible for the task. Values are to be controlled by someone, therefore they must be measured in order to evaluate the extent to which public organizations incorporate or maintain the values in their activities.²⁵¹ Thus, how these agencies will be authorized to control public organizations’ activities, and their compliance with the main principles of the state activities are the next important issues for integrating values into public management. The Civil Service Council is an independent, collegiate body which consists of three permanent and four non-permanent members and reports directly to the parliament. Under the CSC operates the office staff who perform the daily functions of this central personnel management agency. The council is responsible for the planning and enforcement of civil service policies, organization of civil service examinations, performance evaluation, and resolution of disputes concerning recruitment, disciplinary action and dismissal. In addition, the CSC provides advisory services to general managers on human resource management issues. The integration of values into public management should be the next function of this agency. Among the comprehensive activities to be implemented regularly include the introduction of values while developing policy and revising laws, checking and requiring the compliance of policy and procedural documents with the main principles, and organizing trainings and developing guidance to increase value awareness of public employees and promote benchmarking among organizations.

Beside legal or official enforcement, there is another influential force imposing the compliance of values in everyday routines. The existing culture of high relatedness is very conducive to the mutuality promoting

250 Hulan, H. and Ulziibayar, V. (2006). Democratic governance indicators: assessing the state of governance in Mongolia. Ulaanbaatar. p. 15.

251 Lebow, R. and Simon, W.L. (1997). Lasting Change: The Shared Values Process that makes Company Great. John Wiley & Sons, Inc. p. 15.

the egalitarian way of life with values of openness, participation and accountability. This means there is already a strong enough awareness to accept the priority of group decisions over individual wishes.²⁵² This is *Public Value Networking* (PVN). This is an idea fostering a close collaboration among public organizations. In reality, public organizations sometimes face problems which go beyond the boundary of the organization or even sectoral limits. The solution requires joint action of organizations. Sometimes shared goals among public organizations push them to have a managed network. The networking of those organizations through the exchange of information as well as setting and performing agreed standards enable all of them to enjoy simultaneous achievement of their missions.²⁵³ Communication of shared missions, communities of shared practice, issue response networks, strategic alliances, joint government, service integration, and customer vendors are all types of PVN. Through this managed network, participating organizations would create public values.

The types of PVN have to some extent been initiated in the Mongolian public sector. As discussed earlier, the One-Stop Shop, E-government reform as well as service integration activities have been applied there. The first two initiatives were not continued due to several reasons. Based on the horizontal networking across several public organizations, there were no clearly set supervisor-subordinate relationships. The ability to bring together actors from different organizations is not easy for an administrator who does not have discretionary power. Lack of commitment from participating organizations and weak management may be the causes of the unsuccessful implementation of these networking initiatives.²⁵⁴ Public employees habituated to performing their tasks under directives from hierarchy, probably faced challenges in adjusting to the new environment and to the new style of working. Hence, to promote the networking initiatives there is a need not only for legislative support or enforcement, but there is also a need for technical support in organizing and managing in new circumstances.

In order to establish a sound institution conducive to democratic functioning of public organizations there is a need to develop a *works*

252 Hood, Christopher (1995). "Control over Bureaucracy: Cultural Theory and Institutional Variety." *Journal of Public Policy*. Vol. 15. (3). p. 214.

253 DeSeve, Edward (2007). "Creating public value using managed networks." In: Morse, Ricardo; Buss, Terry and Kinghorn, Morgan. *Transforming Public Leadership for the 21st Century*. New York. M.E. Sharpe, Inc. p. 209.

254 Never, Brent (2007). "The Challenge of Leading through Networks: Institutional Analysis as a Way Forward." Morse, Ricardo; Buss, Terry and Kinghorn, Morgan. *Transforming Public Leadership for the 21st Century*. New York. M.E. Sharpe, Inc. p. 245.

council in the public sector organizations. In Mongolia, where work conditions of public employees in general are decided on the basis of the centralized system, the role of employee representatives or work council would be very much limited. They cannot influence the main work condition issues such as pay or recruitment. But they can contribute in decision making on determining the number of employees, restructuring processes within organizations and in some cases in resolution of disputes concerning employees' work relations. Especially in circumstances where decision-making power is concentrated at the upper level of organizations and where there is a tendency to use this power inequitably for the benefit of decision makers instead of the organization, it is inevitably important to establish a works council. The tradition of trade unions or work councils has a history of about 83 years in Mongolia. Nowadays, either in public or in private, some organizations' employee representatives elected from among all employees have a right to attend meetings of the directory board. Their task is taking part in decision-making processes related to social and personnel issues. There is a need to define clearly the relationship between employee representation and employer in legal documents. With effective implementation of the co-determination rights of the work council or employees representation, the internal decisions regarding personnel issues will be more transparent and fair.

8.6 The role of institutional leadership

The next important aspect of integrating the new values into public sector management is leadership. As discussed in the previous chapters, the present paradigm shift has brought added tension into public management. On the one hand, it opens up many opportunities to bring changes into existing structures as well as opportunities to work in new ways. The new laws, regulations and social expectations increase the resources available to public managers to take responsible steps towards democratic functioning. They are more or less empowered. On the other hand, the existing structure, especially the institutions' hierarchical environment, hinders managers' willingness to change routines. In particular, the rigid hierarchical structure will not easily allow agents to change habituated ways of life, even under the provision of law. Leaders are likely to prefer to maintain their current social status. Hence, at the present time public sector managers face a dilemma.

The solution is institutional leadership. As Donald Anderson writes, “the key force for achieving the intended results and sustaining or maintaining that what have been reached and diffuse them into “the way we do things around here” is the leadership.”²⁵⁵ Institutional leaders protect and promote values as a part of organizational goals, structure, operation and culture or mindset of its members. As this institutionalization occurs, organization management becomes institutional leadership.²⁵⁶ Most importantly, institutional leadership is not to replace hierarchy or create only an egalitarian culture. It would enable the more or less balanced coexistence of the four types of culture through consensus building and collaboration.

According to P. Selznick, institutional leaders perform key tasks such as defining the institutional mission and roles, acting as the institutional embodiment of purpose, defending the institutional integrity, and bringing order to conflict.²⁵⁷

Institutional leaders defining an organization’s mission and its roles. Leaders define the general mission of an organization in order to ensure that progress is always made in the right direction. First of all, leaders need to identify what the organization can do and to some extent what it must do. Reconciling the organization’s internal state and its external expectations as well as estimating the organization’s place among others, leaders define the mission and the role of the organization. Taking into consideration the internal and external demands as well as its own capability defines its role among organizations that carry on related activities. Hence, the task of formulating the mission very much depends on the responsibility and abilities of a leader.

In an environment where legislative ambiguity is common, the mission of public sector organizations serves as a driving force. Courageous pursuits and loyalty to the mission strengthen the organization’s unity.²⁵⁸ Formulation of the mission is becoming a part of the administrative tasks in Mongolia (see Table 22). The table demonstrates that the majority of organizations have formalized the mission and made them available not only to employees but also to the public. Only 11.7 percent

255 Anderson, Donald L. (2012). *Organization development: the process of leading organizational change*. 2nd ed. SAGE Publications, Inc. p. 310–311.

256 Selznick, Philip (1984). p. 138.

257 Ibid. p. 62.

258 Kee, Edwin James; Newcomer, Kathryn and Davis, S. Mike (2007). “Transformational stewardship: Leading public sector change.” In: Morse, Ricardo; Buss, Terry and Kinghorn, Morgan. *Transforming Public Leadership for the 21st Century*. New York. M. E. Sharpe, Inc. p. 161.

of the total government organizations have not yet defined their missions. The percentage of organizations without a formalized mission statement is significantly higher among local government organizations at aimag and soum levels.²⁵⁹ In organizational missions, mostly functions are described. Due to this, very often the mission is identified with organizational assignments. This means that “what shall the organization do?” was the most asked question for mission formulation. Ideas about “what it must do” and “what we should be” are rarely reflected in the missions, which means they are weak to reflect organizational identity and its roles. Proper role definition shows the scope or the area of organizational functions. This aspect is in some cases not taken seriously into consideration. Very often roles are defined too broadly or too generally, which makes the mission too vague.

Formalized mission statement	All government organizations	Central government organizations	Capital city and district organizations	Aimag and soum organizations
No formalized mission statement available	449 (11.7%)	10 (5.0%)	10 (1.9%)	420 (13.7%)
Formalized mission statement only available in printed form	2,984 (77.5%)	153 (76.9%)	442 (84.2%)	2,389 (76.4%)
Formalized mission statement collected in the printed & digital form	419 (10.89%)	36 (18.1%)	73 (13.9%)	310 (9.9%)
Total	3,852	199	525	3,128

Table 22. Public organizations with or without mission

Source: 2007 Civil service census of Mongolia: main results. (2008). Ulaanbaatar. p. 110–111.

The institutional embodiment of purpose. Going beyond the mission formulation, leaders build them into their social structure. Selznick explains that institutional embodiment “is shaping the character of the organization, sensitizing it to two ways of thinking and responding.”²⁶⁰ It should be built not only in formal relations, co-ordinating roles and specialized activities, but also in informal relations or institutions. Also Pasternack et al. point out the necessity of the alignment in an organization. This means that the structure, goals and operation, as well as the behavior of all employees throughout an organization should be directed toward the achievement of shared goals and values. An organization

259 2007 Civil Service Census of Mongolia (Main Results). Ulaanbaatar (2008). p. 110–111.

260 Selznick, Philip (1984). p. 62.

benefits only from an alignment of positive forces rather than negative forces.²⁶¹ This alignment will in the future develop a collective ability of leadership to detect and cope with changes in the external environment by maintaining the primary mission of the organization.²⁶² Thus embodying the mission in social structure reinforces and reproduces a set of expectations in everyday actions and creates value. This, in the long run changes the structure.

Certainly, all tasks, powers, and procedures of government organizations are set out according to a particular legal provision. In this regard, organizations of government institutes are very similar. Only their social structures distinguish them from each other. Individual relationships are the most crucial factor for embodying values. These are the reservoir of energy able to push or pull back any reform. Leaders mostly focus on mission statement formulation and omit the next important task of building it into the government organization's social structure. This mistake is common in present public administration practices in Mongolia. One possible cause is that the missions only loosely incorporate ideas related to new values of public management, and do not communicate concrete methods of working.

The defense of institutional integrity. This has to do with maintaining values through routinized actions and patterned expectations. It also has to do with maintaining an organization's distinctive identity.²⁶³ Reger, Mullane et al. define organizational identity as "what members think is vital to the essential character of the organization."²⁶⁴ The institutional integrity and identity builds upon the achievements of organizations. Biggart and Hamilton argue that "leadership comes from not within an individual but from the leader's role or performance."²⁶⁵

The ordering of conflict. Within organizations always exist internal interest groups with their own interests and values. To mobilize their potential towards an organization's mission and to balance internal power is a very challenging task for leaders. In order to create co-operation or collaboration among them, as well as in order to hold them

261 Pasternack, B.A.; Williams, T.D. and Anderson, P.F. (2001). "Beyond the Cult of the CEO: Building Institutional Leadership." *Strategy & Business*, Vol. 22, p. 69.

262 Ibid. p. 74.

263 Selznick, Philip (1984). p. 63.

264 Reger, Rhonda et al. (1994). "Creating Earthquake to change organizational mindsets." *Academy of Management Journal*. Vol. 8 (4). p. 31.

265 Biggart, Woolsey and Hamilton, Gary (1987). "An institutional theory of leadership." *The Journal of Applied Behavioral Science*. Vol. 23 (4). p. 432.

together to build consensus is very important.²⁶⁶ Especially when there are prevailing fundamental value divergence among work groups within organizations, leaders should be able to build consensus between them.²⁶⁷

In sum, institutional leadership is about responsible leadership driving an organization toward transformational change, creative leadership capabilities to find ways to diffuse values through the social structure, and loyalty to the goals of leadership, all of which create collaborative interaction within and outside of the organization. From the theoretical point of view, Mongolian public management is at the initial stage of developing institutional leadership. Initiating changes is good, but realizing them in practice is more important.

8.7 Public employees' training

Capacity building or training of public employees is one of the main ways of integrating the new values into public management in Mongolia. In most cases, managers recognizing this need organized trainings in order to increase staff adaptivity and improve the skills and knowledge of employees. In fact, these trainings are more or less supply-driven trainings, which means that the training organizers prepared programs on their own and delivered it to trainees. The training need analysis might be missing there.

The trainings are not enough for the purposes of increasing adaptivity of employees to new circumstances, unless there are available comprehensive training strategies and a favorable learning environment. An application of new technology and new values would require different types of training with comprehensive strategies. If the normal trainings are used to refresh or advance the preexisting knowledge and skills, then adjusting to a very new way of working with a different mindset needs more gradual reinforcement with many repeated trainings or learning strategies. It requires not only the training itself but also active learning from participants.

The new content should be acquired and compared with previous knowledge; new experience should be reflected as much as possible

266 Selznick, Philip (1984). p. 64.

267 Stephens, John (2007). "Consensus building and leadership." In *Transforming Public Leadership for the 21st Century*, edited by Morse, Ricardo; Buss, Terry and Kinghorn, Morgan. New York. M.E. Sharpe, Inc. p. 235.

in order to establish patterned behavior among public employees. The knowledge of new cause-and-effect relationships according to the new mindset does not come so easily. It requires time to gradually replace the old mindset. People step-by-step acquire knowledge through regular reflection and repetition. The leader as translator of the new values into practice should create an environment conducive for knowledge sharing, for open discussion and for mutual support. Thus, the leader will enable others to obtain understanding and learn from experiences. Reflecting on the new knowledge and associating it with the old skills and knowledge, it step-by-step creates the new mindset about democratic functioning. Training or learning processes delivered through different methodologies or instruments are also important. Hence, in-service, out-service, and tailor made trainings combined with a creative social learning environment will be more effective for integrating the new values into public management.

Training and creating a learning environment depend again on social structure within an organization. The degree of members' integrity to organizational mission, their trust of colleagues and openness, and the possibility to participate in policy formulation decisions affects the training results. It may increase or decrease the outcome of training activities.

8.8 Summary and conclusion

The paradigm shift from one value system to another requires a change in views and attitudes. If the institutional influence is consistent and events are most frequently experienced in life, then it generates values and creates shared mindset. Thus, in order to integrate the new values into routine of public organization we need to take the following measurements:

To ensure consistency of legal and policy frameworks. A sound legal and policy framework is the essential prerequisite for credible functioning of government organizations. Values are to be controlled by someone, therefore they must be measured in order to evaluate the extent to which public organizations incorporate or maintain the values in their activities. The government institution responsible for controlling the implementation of the main values of the state activities, especially its capacity to provide advisory services to public organizations is very important.

The next idea is to foster collaboration among public organizations, using different types of PVN such as communities of shared practice, issue response networks, strategic alliances, joint government, service integration, and customer vendors. It will impose the compliance of values in everyday routines through their mutuality.

Management that creates new-shared social meanings is the most important factor for successful implementation of reforms. Although the current reform increases the resources available to public managers to take responsible steps towards democratic functioning, the leaders are likely to prefer to maintain the existing social structure and the old way of working. If the key force leading for reforms will not initiate changes then “the way we do things around here” will remain unchanged. Thus, human resource management policy for senior managers needs to focus on the Institutional leadership concept and utilize it in personnel management decisions. It is necessary for improvement of their responsibility and creativity. The next essential initiative is the comprehensive training strategy for public employees. This is essential for integrating the new values.

9 Conclusion

“If values were completely stable, individual and social change would be impossible. If values were completely unstable, continuity of human personality and society would be impossible”.²⁶⁸

Values are one of the key factors enabling the society and its members to live more consistently. The values or the supreme principles ensuring the consistency of the activities of the State manifested in the Constitution of Mongolia, as giving “... effect to democracy, justice, freedom, equality and national unit and respect of law”. And in line with the public sector reform the concepts of economic rationalism and democratic governance principles emphasizing managerial autonomy and participatory democracy is introduced into the value system that should guide the activities of the government organizations.

The main purpose of the dissertation is to find out the way to integrate this new value system into public management of Mongolia. Considering the research questions and the empirical qualitative and quantitative research findings, the following conclusions seem to be reasonable:

1. From prehistoric time the enormous traditional legacies of governance and ideology to run state affairs under social power of strong divine leadership and centralized rule as well as a military type organization were created. Historically inherent values of governance are an independence of thought and action, a participatory governance, rule of law, equality of citizens, equality of meritocracy, and personal freedom. Although these generalized main values have been transferred from generation to the next generations, their degree or strength had been altered from time to time in line with the history of success and failure of Mongolians.
2. In democratic Mongolia, the government strives to integrate into its services the main principles/values that belong to democratic values (transparency, equity, service to the public, the rule of law) and professional values (high qualified and stable government services). Especially in present time the government focuses on the application of principles, such as justice to the people, serving the citizens, the rule of law, participation and transparency and

openness. In particular, an increased openness in government affairs and the active participation of citizens are being highly emphasized in order to advance the function of democracy in Mongolia. These new values at the most basic level promote pluralism, which is not well consistent with the existing values.

3. The internal social world of the public sector organizations, the work culture, the inherited values of public employees are differing from the reform values. Behavior bounded by rules and high relatedness among employees are characterizing the contemporary culture. Apparently, these contexts create favorable pre-conditions for developing hierarchy and fatalism in the public organizations and promotes the system with centralized rule. In addition to that the values with motivational pro-social, self-transcendent goals are predominating among work values of Mongolian public employees. The value system of the hierarchical culture is embedded in rules and objectives, structure, procedure, and in work culture as well as in behavioral strategies of public employees. In this circumstance making value with pluralist ideas acceptable and applicable is not easy. The institutional environment where the public employees perform their official duties is characterized by contradiction in values. It leads to the weakness of will among public employees and made the reform less acceptable and applicable.
4. The leaders in public sector organizations should play a key role in obligating public servants to work towards an organizational mission, which targets to contribute in successful establishment of the harmonious democratic society. The Institutional leadership is capable to promote and protect the values at national, local, and organizational levels and can bring the community, the public employees together and mobilize their effort for successful implementation of change.

The institutional leadership defines the ends of group existence, designs an organizational structure, creates an environment favoring collaboration and participation. Through their decisions, policies and delivered services also through their self-transcendent socially-oriented values the leaders of public sector organizations inevitably become responsible for the well-being of citizens or community. In this regard, the leader in public organizations with a clear vision and with a right influence on employees and communities can change the work culture of public sector organizations. Thus the core values of democratic development such as openness, transparency, accountability and participation and the rule of law can become a reality.

9.1 Theoretical contribution

The dissertation “Integration of the new values into public management of Mongolia” for the conceptual framework takes the Structuration theory by A. Giddens, which explains the dual relationship between societal structure and agents. This theory, going beneath the assumptions of cultural or institutional influences upon organizational survival, provides the conceptual foundation, which enables to explore the reverse effects. It points out that the “knowledgeable” agent or institutional leader is the key actor to create any sort of changes in existing institutions.

The research intends to study the dual relationship between the structure and agent, referring to sociology, psychology, public administration, change management, and management theories. This interdisciplinary research incorporated five different theories such as Cultural theory by Thompson et al. (1990), Two dimensional Value theory by Schwartz (1992), Institutional Leadership theory by Selznick (1957), Radical change model developed by Royston Greenwood and Hinings. C. R. based upon Tolbert and Zucker, and the Structuration theory by A. Giddens (1984). The Figure 25 demonstrates the integrated framework, through which the current research idea evolves. It represents also the structure of the dissertation.

To understand *what is caused by what and how and by whom is caused the change* this study refers to broad relationship across different levels, starting from the national traditional cultural analysis, to sectoral reform policy reviewing, to organizational cultural examination, and individual values study. Each theory was applied for a specific purpose in this work. To analyze the change process in terms of public sector reform in Mongolia it applies the radical change model developed by Royston Greenwood and Hinings. C. R based upon Tolbert and Zucker. Based on the model it finds out what obstacles are preventing from making a fundamental transformation in public sector management.

From a societal point of view, the existing culture within the public sector and work values of employees considered as a preventing factor for making changes in it. Thus the Cultural theory by Thompson et al. (1990) is used to explore the existing internal institutional context of the public sector organizations. Then the Value theory of Schwartz (1992) is applied for determining the values of public employees. In other words, based on the Cultural and Value theories the current research aims to analyze the internal situation within a public sector organization that become crucial conditions for any kind of reform activities.

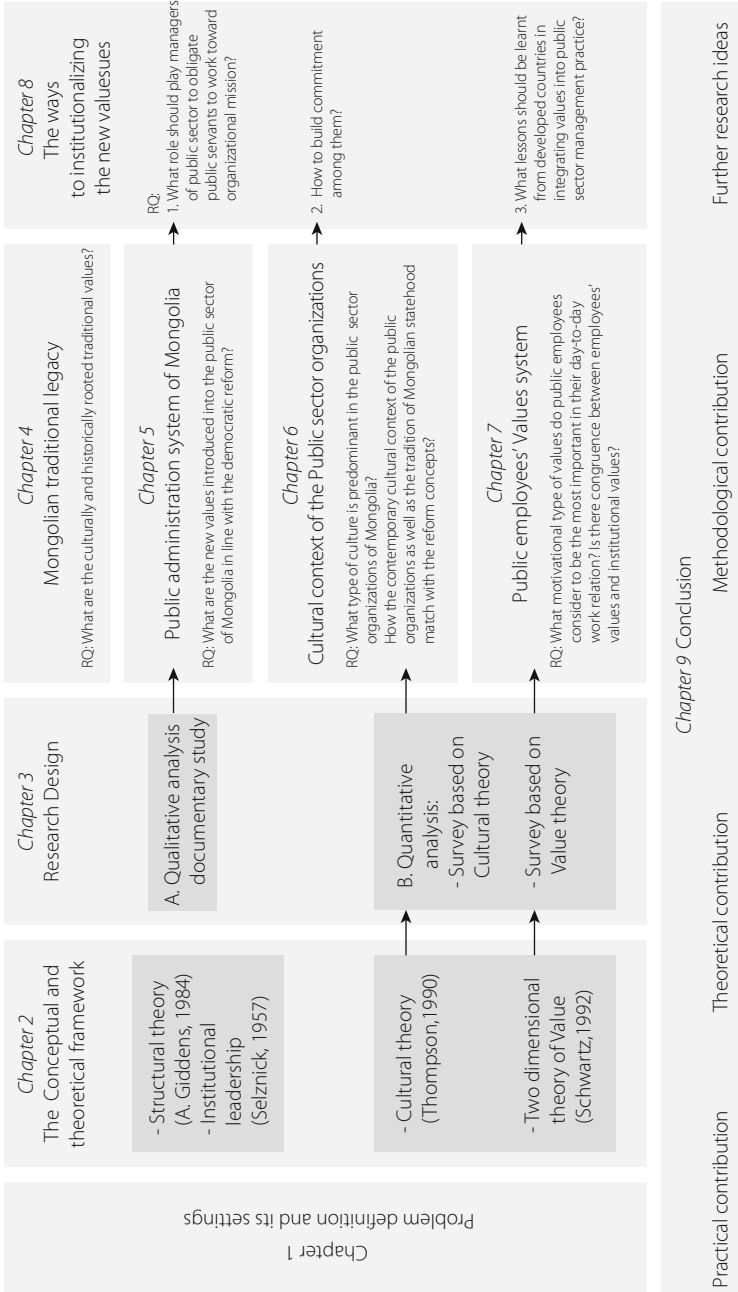


Figure 25. The integrated framework: The content and structure of the dissertation

The institutional leadership theory by Selznick (1957), and the Structuration theory by A. Giddens (1984) theories applied in the study of the change process as well as the role of leader in it. Thus, the theoretical contribution of this research is the integration of the interdisciplinary five theories to explain the dual relationship between societal structure and agents.

The next contribution of the current research is its comparative discussion on the concepts of value. The inconsistencies or conceptual confusion in the definitions of value, their contradictory views cause differences in value understanding in Mongolia. Thus, based on the view that values should be seen as a conception of the desirable, I aimed to apply more broadly accepted concept and value measuring methodology in this research. This discussion on value concepts as well as an application of the value theory by Schwartz S.H would contribute in further conceptual clarification and development of a proper definition of value among Mongolian scholars.

9.2 Methodological contribution

There are some methodological issues that should be pointed out here. The research methodology is designed to combine quantitative and qualitative methods in order to study what is caused by what. Qualitative method- the documentary study used only for used for analyzing historic, legal and policy documents on public sector management reform. Taken into consideration the relevance between human values and cultural context as well as their influence on administrative practices, the quantitative -survey was developed to explore the existing dominant culture type and values of the public employees. The data are collected from public administrative and service sector employees, including upper and lower level officials. An information source (data) is from five different parts of Mongolia, from capital city and 8 different provinces. Thus, there will be less bias in the results.

The research findings, however, show the generality of dominating culture as well as a general tendency of the preferences of the public employees'. The specific cultural situations at organizational and individual levels cannot be fully explained by this general result. There is a need to incorporate other qualitative research methods such as case studies, interviews, in order to enhance the explanatory power of the results from this study on cultural types and public employees' values.

9.3 Practical contribution

Maybe today, some Mongolians still remember the small apples called “*davjaa alim*” (*small apple*) or “*arnetka*”. In 1980s in supermarkets in Mongolia was sold red sometimes yellow color apples during autumn. These apples were very small and very different from imported apples. Those apples were much smaller than the full-size (with the size of a table tennis ball), hard to bite, and tasted so sauer. But they were very tasty and smelled so fresh. Most importantly, they were planted in the soil of Mongolia. Probably, because of the Mongolian climate and nature conditions, the apple trees produced such small and sauer apples. This life example shows that how the same seeds planted in different conditions may produce different fruits. Results may vary from successful to unsuccessful and from expected to unexpected one.

I am referring to this case in order to point out the relevance between the existing socio-cultural preconditions and the nature of the public management reform best experiences that were transplanted in circumstances of Mongolia. The government of Mongolia during last twenty two years has been reforming its public sector management continuously. Several best experiences were introduced. The legal environment has been created successfully with the technical assistances of international donor organizations. But the reform activities often failed because of inconsistency of legal documents with different conceptual backgrounds or because of weak will within government organizations to change traditional ways of doing things. Thus the reform ideas initiated at the upstream level were not always implemented at the downstream level as expected.

Thus the present study concludes that the socio-cultural internal context of the public sector organizations should be considered as the influential factors for adopting the best ideas from outside and adjusting to them. The work culture characterized by rule-boundedness and high influence of relatedness are the soil, where will be planted the reform ideas. This means that reform activities will achieve targeted results only if their pattern of value system is either not contradicting to the prevailing cultural environment or accepted by them. If the new reform initiatives and policies are likely to be unfitting to the practical reality and if there is missing leadership activities to bridge the new and old values then the rules and regulations initiated at the upstream level will not be implemented at downstream levels.

9.4 Further research

There are some issues relevant to value and culture studies as well as to management by value concepts that should be a great concern for further research. First, there is an increased interest among practitioners and scholars to study of integrating values into policy making, organizational structure, processes and management activities. Value based policy and value based management these are interrelated aspects that should be taken into consideration in value integration studies. Second, as aforementioned the theoretical framework shows a relevance between the cultural types and dominating value structures also relationship between universal values and individual values. But the statistical findings from this work demonstrate a weak relevance between dominating culture and value system.

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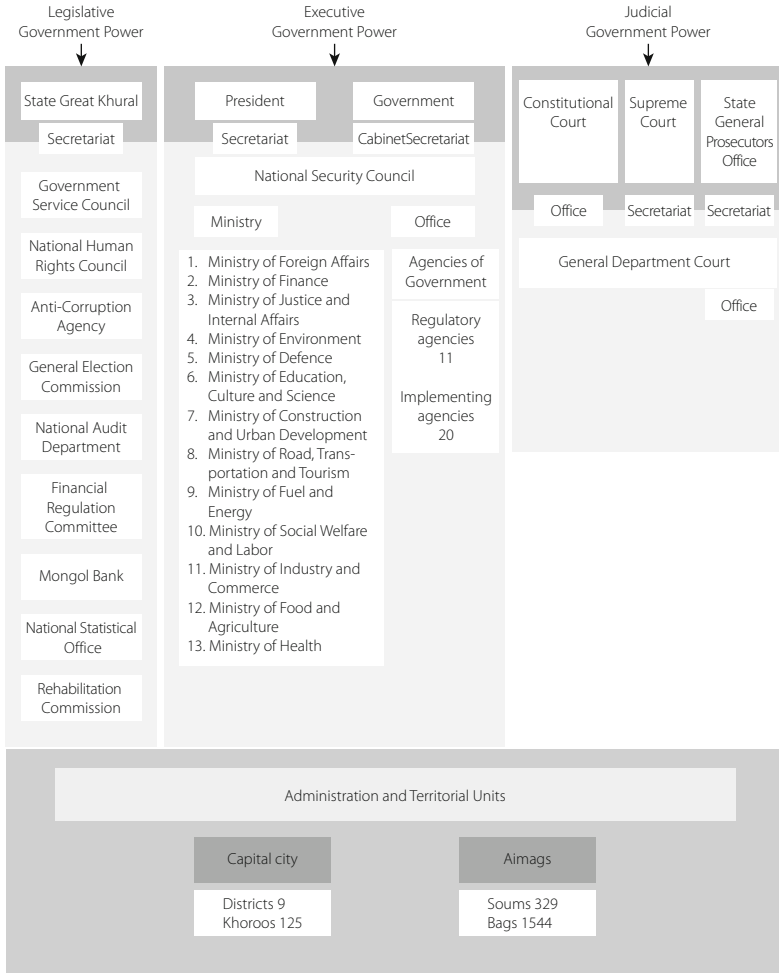
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Annexiation



Source: 2007 Civil service census of Mongolia (Main results), Ulaanbaatar, p. 95.

Төрийн албан хаагчийн Үнэт зүйлс								
Нийцтэй байдал								
Ажил хөдөлмөрт удирдамж болдог таны итгэл үнэмшил бол ...								
	5	4	3	2	1	0	-1	
Эелдэг байдал	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Ахмадаа хүндлэх явдал	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Дуулгавартай байдал	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Хувийн сахилга	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Аюулгүй байдал								
Ажил хөдөлмөрт удирдамж болдог таны итгэл үнэмшил бол ...								
	5	4	3	2	1	0	-1	
Хамаарал, харьяаллаа мэдрэх байдал	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Нийгмийн дэг журам	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Баталгаатай ажил	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Үндэсний аюулгүй байдал	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Гэр бүлийн аюулгүй байдал	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Харилцан тустай байдал	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Та байгууллагынхаа соёлын сүүлийн 10 жилийн төлөв байдлыг харьцуулан үнэлнэ үү. Ингэхдээ дор бичсэн санаа нотолгоонуудаас 3= маш адилхан , 2= адилхан , 1= төстэй , 0= адил биш гэсэн тоог сонгон хариулна уу.								
2000-аад он, 2010-аад он гэж ялгасан байгааг Та анхааран хариултаа тус бүрт нь тэмдэглэнэ үү.								
Танай байгууллагын соёл нь ...								
	2000-аад он			2010-аад он				
	3	2	1	0	3	2	1	0
Нэгдэл нягтрал ихтэй, дүрэм журмаа сайтар мэддэг бас хатуу мөрддөг	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ажил үүрэг нь дүрэм журмаар их зохицуулагдсан, хүмүүс дор бүрдээ өөрт ноогдсон ажлаа хийдэг	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Дотоод өрсөлдөөн их, зарим харилцаа нь зах зээл маягийн шинжтэй	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Бүх хүнд тэгш боломж олгосон оролцоо ихтэй, удирдагчийн нөлөө сул	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Танай байгууллагын дотоод харилцаа нь ...								
	2000-аад он			2010-аад он				
	3	2	1	0	3	2	1	0
Байгууллага хамт олон нэгдүгээрт, хувь хүн хоёрдугаарт	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Эрх мэдэлжсэн, дотоод зохион байгуулалтаа өөрөө шийдэх, өөрийн удирдлага бүхий бие даасан гишүүдтэй хамт олон	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Тосцоотой, өөрийн боломжоо нээхийг хүссэн амьшигчид хөтөлгдсөн, хувь хүмүүс	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Удирдлага харсан, идэвхгүй гишүүд	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3								

Төрийн албан хаагчийн Үнэт зүйлс

Танай байгууллага дахь нийтлэг зан үйл нь ...

	2000-аад он				2010-аад он			
	3	2	1	0	3	2	1	0
Тогтсон жишгийг хадгалах дүрэм журам, албан бүтцийг түлхүү анхаардаг. Голдуу тушаал, заавраар ажил явдаг	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Турших, шинээр эрэл хайгуул хийх үйл явц байгууллагад элбэг. Энэ нь бие даасан, эрх чөлөөтэй байдлыг мэдрүүлж байдаг	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Бүлэг багийн зөв нэгдэл нэн чухал. Хамтаараа хариуцлага хүлээдэг	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Дангаараа хувийн хариуцлага хүлээдэг	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Судалгаанд оролцсон Танд баярлалаа.

Public sector employee's Work Values							
Hedonism							
<i>The guiding belief in my work is...</i>							
	5	4	3	2	1	0	-1
Enjoying life	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pleasure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stimulation							
<i>The guiding belief in my work is...</i>							
	5	4	3	2	1	0	-1
An exiting life	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Daring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A varied life	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Self-direction							
<i>The guiding belief in my work is...</i>							
	5	4	3	2	1	0	-1
Self-respect	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Choosing own goals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Curiosity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Freedom	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Creativity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Independence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Universalism							
<i>The guiding belief in my work is...</i>							
	5	4	3	2	1	0	-1
Wisdom	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
True friendship	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Broad minded	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Unity with nature	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Inner harmony	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Equality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Social justice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
World of peace	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Benevolence							
<i>The guiding belief in my work is...</i>							
	5	4	3	2	1	0	-1
Meaningful work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Loyalty	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Responsibility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Helping	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Honesty	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Forgiveness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tradition							
<i>The guiding belief in my work is...</i>							
	5	4	3	2	1	0	-1
Respect for tradition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Moderate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Accepting my portion of life	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Humble	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Devout	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Public sector employee's Work Values								
Conformity								
<i>The guiding belief in my work is...</i>								
	5	4	3	2	1	0	-1	
Politeness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Respecting senior people	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Obedience	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Self-discipline	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Security								
<i>The guiding belief in my work is...</i>								
	5	4	3	2	1	0	-1	
Sense of belonging	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social order	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Secure job	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
National security	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Family security	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Reciprocation of favours	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Please select from the following numbers according to your evaluation of cultural changes within your work environment during last 10 years, from 2000 to 2010.								
3= very identical, 2= identical, 1= loosely identical, 0= not identical								
Culture of your work environment is identical to ...								
	2000's				2010's			
	3	2	1	0	3	2	1	0
Socially coherent and operating according to well-understood rules, regulations and procedures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Highly regulated work tasks; People do their work in relative isolation from others	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Internal competition or market-like process in some form	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Participation giving equal opportunity to all; Weak leadership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3								

Public sector employee's Work Values								
Social relations in your work environment are like the following ...								
	2000's				2010's			
	3	2	1	0	3	2	1	0
Organization and collective come first, individual second	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Empowerment, opportunity in self-organizing and in self-steering for all members	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Self-seeking individualism supporting self-regulation, including a freedom to bid and bargain	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Subordinated passive members	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The behavioral strategy used in common is ...								
	2000's				2010's			
	3	2	1	0	3	2	1	0
Focusing attention on procedures preserving status quo, structure and order to human relationships within organization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Experimenting and entrepreneurial discovery generating greater freedom in organization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Solidarity of a group and collective responsibility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Personal liability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Thank you for joining the survey.								
4								

This dissertation explores the socio-cultural and institutional environment of the public sector organizations of Mongolia that have strong influence on current public administration reform results. This study applies the Cultural theory and Value theory. The strong hierarchy favoring rule-bounded behavior and collectivism, fatalism accepting an authority as inevitable and uncontrollable, and individualism wishing to have control over own actions are the types of culture common in Mongolian public sector organizations. Accordingly, Mongolian public sector employees transcending their selfish interests, emphasize the well-being of others, protection of order, harmony in relations, life safety and stability. Then self-direction values with emphases on independent thought and action, and creativity are important for them. This socio-cultural context has great implication for work behavior of public employees, for their action to implement the reform policies in government organizations. Thus, the institutional leadership, which produces and protects values, becomes essential for introducing changes in the existing intuitional environment.

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