

Prof. Dr. Michael W. Bauer  
Jean Monnet Professor  
Chair of Comparative Public Administration and Policy Analysis  
michael.bauer@uni-speyer.de

September 2017

**JÖRN EGE**

**MICHAEL W. BAUER**

## **How Financial Resources Affect the Autonomy of International Public Administrations**

### **Publication Details:**

Jörn Ege and Michael W. Bauer, 2017: How Financial Resources Affect the Autonomy of International Public Administrations, in: Global Policy, Special Issue, Vol. 8, Issue S 5, 75-84.

## **Abstract**

Voluntary contributions – often earmarked for specific purposes – have become an indispensable source of revenue for international organizations (IOs) and the UN organizations in particular. While the reasons for this trend are regularly studied, its effects on the internal functioning of the organization (especially on the ‘international public administration’ (IPA) as the organization’s secretariat) remain unclear. Given this gap, we study the consequences of increasing financial dependence for the autonomy of IPA staff. Using financial and personnel data of 15 UN agencies over time, our results are in line with the intuitive expectation that more financial resources in the form of voluntary contributions increase in the number of staff. We also find evidence, however, that the more an organization depends on voluntary resources (within its broader financial portfolio), the more it reduces the ratio of permanent staff among its total workforce in the subsequent years. The underlying adaption of IPAs’ recruitment and career structures to growing financial insecurities has important implications for the autonomy of international bureaucrats and needs to be considered also in terms of its long-term impact on administrative professionalism and organizational performance.

**Jörn Ege**

German University of Administrative Sciences Speyer

**Michael W. Bauer**

German University of Administrative Sciences Speyer

## **How Financial Resources Affect the Autonomy of International Public Administration**

This article investigates how changing patterns of financial dependence of United Nations (UN) organizations – specifically, increasing voluntary contributions designated for a particular purpose – affect the autonomy of their administrations. The extent to which international governmental organizations (IOs) and their secretariats, which we refer to as ‘international public administrations’ (IPAs), can act independently of the interests of member states is a prominent topic in international relations (IR). In this context, scholars have focused on the concept of bureaucratic autonomy (see e.g. Ege and Bauer, 2013; Reinalda and Verbeek, 2011), which offers insight into the powers and pathologies of IOs (Barnett and Finnemore, 1999; Ege, forthcoming). Scholars interested in bureaucratic autonomy regularly use funding and staffing as part of their conceptualizations and measurement to ‘characterize the leeway granted to some public sector organizations’ (Maggetti and Verhoest, 2014, p. 239) and IPAs in particular (Bauer and Ege, 2017; da Conceição-Heldt and Schmidtke, this issue; Michaelowa and Michaelowa, 2016, p. 2). A notable argument in debates about IO funding is that the growth of voluntary contributions may affect bureaucratic autonomy by reducing ‘the ability of IO staff to engage in long-term planning and to perform efficiently’ (Graham, 2016, p. 5). While there is broad consensus in the literature that the financing of IOs affects their staffing practices, the concrete effects of changing funding patterns have not been examined.

To address this gap, we study staff growth and administrative permanence as indicators of bureaucratic autonomy. Our primary research questions are whether changes in earmarked voluntary contributions (in the following simply referred to as ‘voluntary contributions’) have an effect on staff numbers and staff permanence, what the size of this effect is, and which staff categories are most impacted. Firstly, our results confirm the intuitive expectation that more financial resources in the form of voluntary contributions lead to an increase in the number of IPA staff, especially within the general service category. Secondly, it becomes evident that the more an IO depends on voluntary resources (within its broader financial portfolio), the more it will adjust its staffing practices by reducing the ratio of staff with permanent contracts (to total staff). There is, however, no clear indication of a differential effect depending on whether staff in the general service or professional category is considered.

The practical implications of this result touch upon the classic trade-off of bureaucratic autonomy between political control and efficiency. On the one hand, this finding suggests that IOs are generally responsive to changes in their fiscal environment incurred by their masters, i.e. their member states. A ‘voluntarization’ of funding leads them to adjust their staffing practices and to rein in costs by reducing long-term liabilities in the form of permanent contracts. On the other hand, however, this trend may also jeopardize the IPA’s ability to fulfill its mandate effectively. Since bureaucratic autonomy is closely related to institutional memory and the policy

expertise of IPA staff (Langrod, 1963, p. 48; Shkolnikov, 2009; see also Weber, 1978), the implications of this finding may be more troubling for IO policy-making than it initially appears. Aside from the direct effect of funding on staff numbers and permanence analyzed in this paper, there may also be more long-term consequences of changing staffing patterns for the performance and professionalism of IPAs (see e.g. Giauque et al., 2016), as it probably becomes more difficult for them to attract qualified personnel and keep their current staff motivated.

Precarious staffing is only one aspect of the general trend associated with the increasing 'voluntarization' of funding (Patz and Goetz, 2017). If it is no longer the collective principal, but instead multiple principals in form of a small number of public and non-state donors who 'pay the piper' and can therefore 'call the tune' oligarchically, this has important implications for the fulfillment of the public mandate of the IO. The danger is that the observed crisis of multilateralism or 'trojan multilateralism' (Sridhar and Woods, 2013) fosters international clientelism. Thus, instead of focusing their resource mobilization strategies toward single donors, international civil servants should strengthen existing efforts to reach out to the IO's overall membership and demonstrate more strongly the importance of organizational core activities that needs to be funded via unrestricted funding (see Graham, this issue, p. 13).

The paper is structured as follows: First, we give an overview of the state of the question and demonstrate its relevance from a practical and academic perspective. We then focus on the relationship between IO funding and bureaucratic autonomy, and formulate three hypotheses about the expected links between the observable implications of these phenomena. After a short overview of the sample and the data, we present the empirical results of our analysis. Finally, we discuss the implications of our findings for academics and practitioners.

## **Staff autonomy in times of contested financial resources**

Bureaucratic autonomy is a controversial concept that is not only defined in several ways but also bears diverging normative implications (Kim, 2008, p. 33). The 'intension' of the concept (Sartori, 1970, p. 1041) revolves around the delicate balance between efficiency and democratic control. It is generally argued that the same factors that enable the bureaucracy to fulfill its tasks efficiently are at the same time the sources of bureaucratic power and influence, which allow the administration to develop a life of its own and escape the control of its political principals (Eisenstadt, 1958, p. 103; Mayntz, 1978, pp. 66–67). While it is ultimately an empirical question whether autonomy leads to the effective solution of the policy problem at hand or has pathological consequences, the perspective of scholars is to a certain degree guided by the diverging behavioral assumptions of sociological and economic theories. Put simply, '[w]hereas sociological theories treat administrative autonomy as an important asset of public organizations to successfully function within their own environment, economic-political science theories consider the autonomy of public organizations as a potential liability' (Yesilkagit, 2011, p. 119).

This basic divide is also visible in the context of IO studies. On the one hand, principal-agent scholars in the tradition of political economy define autonomy as 'the range of potential independent action available to an agent after the principal has established mechanisms of control' (Hawkins et al., 2006, p. 8). Despite the openness

of the principal-agent model to different assumptions about actors' preferences, autonomy is predominantly considered conducive to agency problems such as shirking, slack, or slippage (Cortell and Peterson, 2006; da Conceição-Heldt, 2013; Vaubel, 2006). On the other hand, scholars studying IOs from a sociological perspective share a more optimistic understanding of autonomy. Even though studies in this tradition also point to pathological aspects of bureaucratic organization (Barnett and Finnemore, 1999, p. 719), they emphasize the merits of bureaucratic autonomy for the effective solution of global problems (Biermann and Siebenhüner, 2013).

A growing body of research views the attitudes, socialization, and management of IPA staff as an important dimension of bureaucratic autonomy (Ellinas and Suleiman, 2012; Hensell, 2016; Vaubel et al., 2007). Research on the rational design of IOs emphasizes that independent staffing rules determine the extent to which IPA personnel is able to develop preferences distinct from their member states (Cortell and Peterson, 2006). Parížek (2016) investigates the geographical origin of professional staff in different IOs. Similar to the trade-off between efficiency and democratic control inherent in bureaucratic autonomy, he identifies 'a tension between the efforts by the states to control IOs through the staffing policies on the one hand, and the functional and legitimation needs of the IOs as supranational bodies on the other hand.' Overall, there is robust evidence that member states systematically try to influence IPA staffing (Novosad and Werker, 2014). Thorvaldsdottir (2016) contributes to this debate by highlighting the role of voluntary funding as a crucial member state tool of influence. She shows that the higher a country's voluntary contributions, the higher the share of its nationals in the secretariat. This finding resonates with the concerns of advocates of an independent international civil service, who have criticized member-state influence on staffing practices as an illegitimate intervention ever since the founding of the UN system (Langrod, 1963; Ranshofen-Wertheimer, 1943). In practice, however, a recent study found that even personnel seconded by member states still acts fairly independently from their national governments – at least in the European Commission (Trondal et al., 2015).

A development of particular importance for IPA staffing is the decreasing willingness of member states (and donors in general) to contribute to the IO's regular budget, and the shifting of their financial involvement to earmarked voluntary funding (Goetz and Patz, this issue). In general, there are three primary ways for IOs to generate the revenue needed to fulfill their mandate (Amerasinghe, 2005, pp. 359–364). First, some organizations are able to cover their expenses independently by gaining their own revenues from services offered or income from investments and loans. Second, the traditionally most common sources of revenue are member states' mandatory contributions, which are based on a scale of assessment that takes into account their respective economic strength. The third major source are voluntary contributions, which have increased substantially over time (Eichenauer and Reinsberg, 2016; Graham, 2016; Eichenauer and Reinsberg, 2016). Voluntary contributions are usually not part of the organization's regular budget, but are instead designated as extrabudgetary funds. They can be categorized either as unrestricted voluntary contributions, the purpose of which is decided upon by the governing bodies of the IOs, or restricted voluntary contributions, which are earmarked by the donors for specific tasks (Graham, this issue, pp. 4–5). It is these restricted voluntary contributions that are the primary focus of this paper.<sup>1</sup>

In practice, the percentage of total revenue that each of these sources constitutes varies between IOs. Each funding source has particular implications for

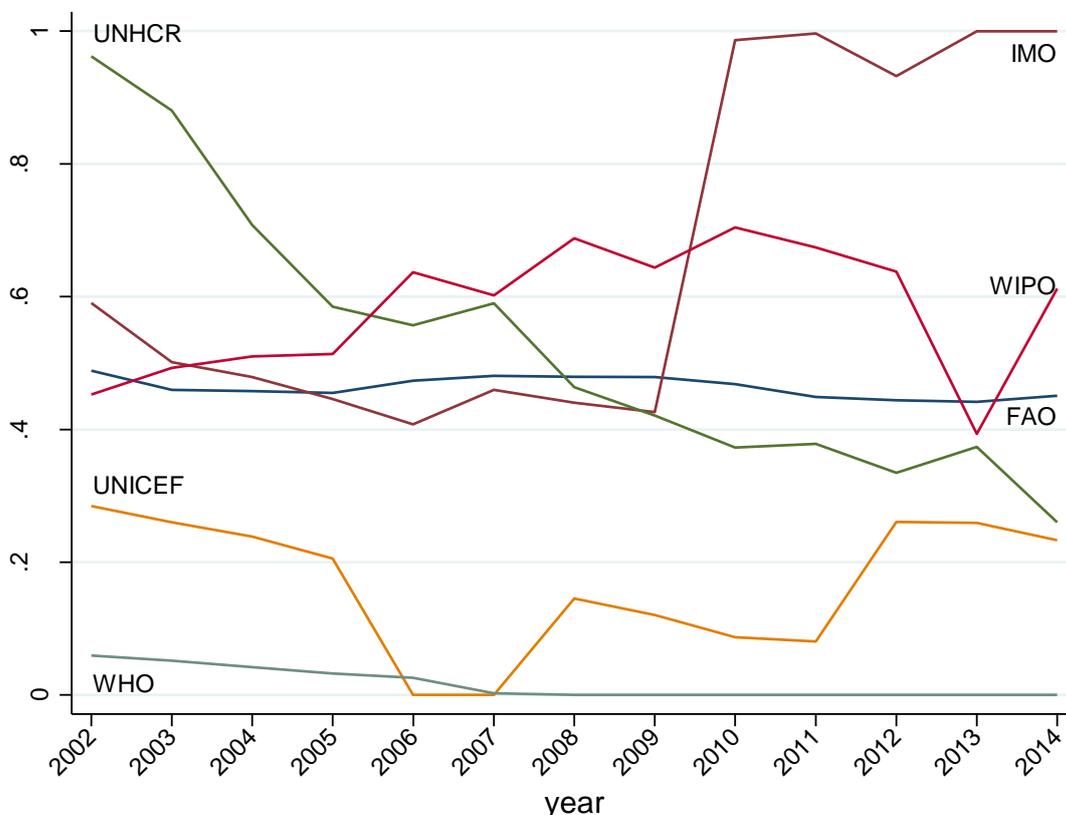
member states' control over their contributions as well as for the independence of the IO vis-à-vis its principals. Researchers therefore use the degree to which an IO is able to generate its revenue autonomously from member states as an indicator to measure particular aspects of delegation to and the autonomy of IOs (Brown, 2010, p. 149; da Conceição-Heldt and Schmidtke, this issue; Hooghe and Marks, 2015). Bauer and Ege (2016, p. 1029), for instance, code whether an IO is primarily self-financing (high autonomy), dependent on mandatory contributions (medium autonomy) or dependent on voluntary contributions with donors earmarking a substantial portion of the budget for specific purposes (low autonomy). While scholars have extensively studied the causes behind the emergence of voluntary contributions (see e.g. Eichenauer and Reinsberg, 2016; Graham, 2016; Sridhar and Woods, 2013), the consequences of the increasing financial dependency of IOs for their internal functioning is less prominent. Notable exceptions include the study of Patz and Goetz (2017), who focus on the effects of changes in the financial basis of IPAs. They show how efforts to secure sufficient funding trigger specific administrative reactions to increasing budget pressures. Development scholars have noted that the increasing unpredictability associated with earmarked voluntary funding seriously challenges the ability of organizations to plan ahead and set priorities. The staffing structures of IPAs 'have become increasingly short-term and unstable, dependent on the continuation of projects and programs [...] [and] the insecurities involved create incentive structures for UN staff that may prove detrimental to actual development work' (Weinlich, 2014, pp. 84–85). Reinsberg (2016) puts some of the factors linked to increasing donor earmarking to empirical scrutiny. While his analysis of the World Bank shows that several negative effects commonly associated with this kind of funding practices are absent in this case, he does find evidence for some significant disadvantages for the affected organization. For instance, voluntary funding increases transaction costs due to donor exigencies and bureaucratic procedures, and spurs institutional fragmentation within the organization. He also finds that the fees collected for the management of voluntary funding tend to cover only direct maintenance costs, but additional activities (such as fundraising, training, and monitoring) need to be cross-financed through core contributions. In a recent article, Michaelowa and Michaelowa (2016) investigate the effect of these trust fund fees on staff autonomy. Focusing on the case of the secretariat of the United Nations Framework Convention on Climate Change, they find that an increase in project fees has a strong positive effect on staff numbers, autonomy, and eventually the policy influence of (parts of) the secretariat.

The organizations themselves offer further evidence of staff-related challenges created by the erosion of core funding. As a report of the UN's Joint Inspection Unit shows, the use of non-staff personnel is becoming increasingly common in the organizations of the UN system (Terzi and Fall, 2014). The term 'non-staff' is used for personnel who have a direct contractual relationship with a UN organization but who are not subject to its respective staff regulations and rules (Terzi and Fall, 2014, p. 4). The report finds that almost half of the total workforce of UN organizations are working under non-staff contracts – many for extended periods and often with similar responsibilities as their regularly employed colleagues. The report shows that the main reasons for hiring non-staff personnel are related to the erosion of core funding such as 'budgetary restrictions, lack of resources, unpredictable funding and a need for flexibility' (Terzi and Fall, 2014, p. 10). Moreover, some organizations have modified their employment contracts to meet the new challenges. For instance, the World Health Organization (WHO) has amended its 'Staff Regulations and Staff Rules' to account for an observed mismatch between recent financing trends and the

requirement to maintain a flexible and mobile workforce. One measure was aimed at making conditions ‘more rigorous for the granting of a continuing appointment to current staff’ (World Health Organization, 2013, p. 2). In the same amendment, the WHO has also decided to phase out continuing appointments for new employees. These modifications do not herald the start of a new trend in the WHO’s human resource management, but rather constitute an ex post adjustment of formal rules to staff practices that have already been in place. As figure 1 shows, permanent staff have been absent in the WHO since 2007.<sup>2</sup>

Using five additional exemplary cases, figure 1 illustrates that the WHO is not the only UN organization that has reduced the number of staff with permanent employment. The UN Refugee Agency (UNHCR), which cut its tenure quota from almost 96 percent in 2002 to 26 percent in 2014, is an even more extreme example. The International Maritime Organization (IMO), by contrast, substantially increased its share of permanent staff over the years from 59 percent in 2002 to 100 percent in 2013. The tenure quota of the Food and Agriculture Organization (FAO) - and to lesser extent World Intellectual Property Organization (WIPO) - are relatively stable. Overall, we see some fluctuations such as in case of the United Nations Children's Fund (UNICEF) and it is no clear whether there a universal trend over time. In fact, if we compare the average tenure quota among all IOs between the year 2002 and 2014, it is around 37 at the beginning and the end of the observation period.

Figure 1: The share of permanent staff among all employees in six IOs over time



Source: ‘Personnel Statistics’ published by United Nations System Chief Executives Board for Coordination (CEB).

To sum up, what do we know about IO funding and staffing as dimensions of bureaucratic autonomy? First, both kinds of organizational resources are increasingly contested. Securing long-term funding is becoming more difficult for IPAs because member states (and donors in general) are shifting their financial involvement to earmarked voluntary funding. Staffing rules and practice are also shifting from open-ended permanent contracts to alternative arrangements such as fixed-term and non-staff employment. Second, there is consensus in the literature that the two trends are related and that the way IOs are financed affects their staffing practices. The concrete effects of changing funding patterns on staff numbers, however, remain unclear. To address this lacuna, in this study we ask whether voluntary funding has an observable effect on staff (if we control for other factors), what the extent of this effect is, and which staff categories are most affected by this mechanism. This issue is highly relevant because if changes in funding have consequences for the way an IO manages its staff, this may be conducive to more flexibility and more political steering, but may also jeopardize the ability of IPAs to engage in long-term planning and efficient performance (Graham, 2016, p. 5).

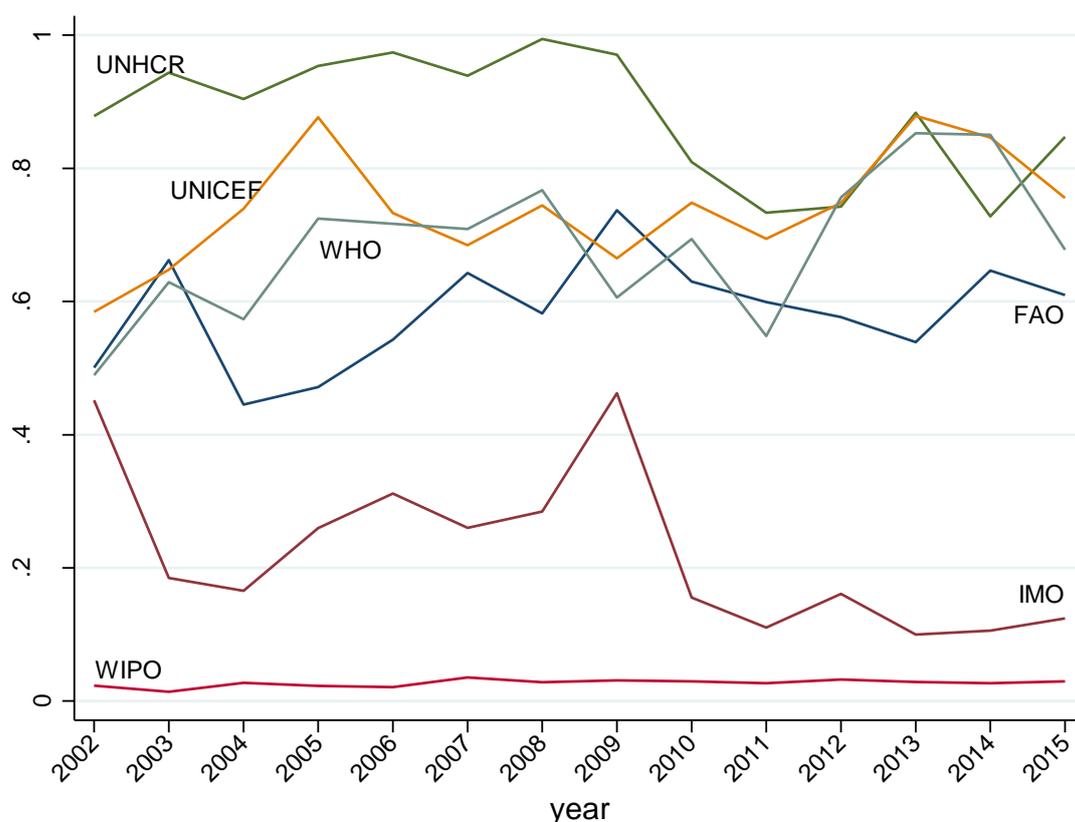
## Theory and hypotheses

Studying bureaucratic autonomy in a comparative manner is challenging both conceptually and empirically. The empirical challenge, however, is particularly strong if the aim is to capture changes in autonomy *over time* because well-documented historical data is rare. In this paper, we interpret bureaucratic autonomy primarily with a view to IPA staff, and use the number of staff and the ratio of staff with permanent contracts compared to total staff (also called *tenure quota*), as indicators to measure changes in autonomy over time. While such a narrow understanding may not draw a comprehensive picture of an IPA's 'ability to operate in a manner that is insulated from the influence of other political actors' (Haftel and Thompson, 2006, p. 256), it allows us to focus on a theoretically important and empirically observable dimension of bureaucratic autonomy.<sup>3</sup>

Why are staff numbers and administrative permanence theoretically important and how are these two indicators related to the overarching concept of autonomy? With regard to staff numbers, we follow research on national ministerial bureaucracies, which argues that the more staff working in an administration, the more it is able to follow its own agenda and act autonomous from its political principals (Mayntz, 1978; Schnapp, 2004, p. 212). Brown, for instance, uses the number of secretarial staff as one important variable to measure delegation to IOs (2010, p. 153). Second, we argue that administrative permanence, the classic resource of the bureaucracy (Weber, 1978), is also highly relevant for international bureaucracies (Langrod, 1963, p. 63). More specifically, the indicator rests on the argument that the higher the tenure quota among IPA staff, the higher its autonomy vis-a-vis the political principals of the organization (see also Trondal et al., 2015, p. 250).

In order to explain the size and permanence of IPA staff, we use both the absolute amount and the ratio of voluntary contributions to total expenditures as the major independent variables. Showing the ratio of voluntary contributions for the same exemplary cases as before, figure 2 illustrates that the relevance of this funding source has changed substantially over time.

Figure 2: The share of voluntary contributions in total expenditures in six IOs over time



Source: Statistical reports of CEB on the budgetary and financial situation of the organizations of the United Nations system.

The share of voluntary contributions in the total budget of the IMO was almost 50 percent in 2002 and dropped to only 12 percent in 2015. For the IMO, UNHCR, and FAO, the figure also shows a sharp decline of voluntary contributions after 2009, caused by the decreasing solvency of major donor countries in the wake of the 2008 crises. In the WHO, by contrast, the share rose from less than 50 percent in 2002 to a peak of 85 percent in 2014. What are the consequences of changing funding patterns for IPA staff? An intuitive expectation is that if an IO's financial resources increase, the organization should be able to employ more staff. If they shrink, this should lead to a decrease in IPA staff. Thus, and in line with previous findings (Michaelowa and Michaelowa, 2016), we expect voluntary funding to be positively correlated with absolute staff numbers employed under the relevant budget category – in this case staff outside the IO's regular budget. This expectation is summarized in the following hypothesis:

H1: An increase in voluntary contributions is associated with an increase in the number of staff (outside regular budget).

There is also (anecdotal) evidence, however, that voluntary funding challenges the ability of organizations to conduct long-term planning, especially through recruitment and staff appraisal (World Health Organization, 2013). If the share of voluntary contributions in total revenue increases, the organization comes under increasing pressure. The IO can no longer 'afford' large shares of permanent staff as this

constitutes a potential liability, especially if voluntary contributions will be cut in the future. One would thus expect recruitment and career structure to become more short-term and unstable (Weinlich, 2014, pp. 84–85). The organization will be likely to seek alternative models of employment, such as non-staff or temporary personnel, and reduce the number of its tenured employees. Thus, a second expectation concerns the net effect of voluntary funding and can be summarized in the following hypothesis:

H2: If the share of voluntary funding in total organizational expenditures increases, the tenure quota among IPA staff decreases.

A further question is which staff category is most affected by the postulated effects in H1 and H2. We anticipate that changes in voluntary funding affect, in particular, staff members in the professional category ('P staff'). This expectation is based on the reasoning that if donors earmark funding, they not only have clear political priorities for what their money should be spent on, but they also want it to be spent on policy-related activities (usually conducted by P staff) rather than the administrative support basis of the organization (i.e., general service positions or 'GS staff').

H3: The effect of changes in voluntary funding affect is stronger for staff members in the professional category than for general service staff.

When studying the anticipated relationships empirically, we include two other variables. First, we control for changes in the geographical location of staff. A decentralization of staff, i.e., sending more staff from the headquarters to country and regional offices changes the character of an IO from a forum organizations into a service-oriented organizations (Cox and Jacobson, 1973, p. 373; Parizek, 2016; Rittberger et al., 2013, p. 23). Given the high levels of non-staff in service-oriented organizations (Terzi and Fall, 2014, iii), we expect that changes in the character of an IO mediate the effect of funding on staffing and should thus be controlled for. Hence, we include the ratio of staff working at the IO headquarters to total staff to account for changes in de/centralization over time. Second, we include a variable capturing the year of the observation into our models. This variable accounts for expected linear time trends in staff growth, which has been identified in previous research on the development of IPA staff over time (Vaubel et al., 2007).

## Sample and data

In order to investigate how voluntary funding affects the staffing of IPAs, we use annual data from different UN agencies between 2002 and 2015. Staff data for the year 2015 has not been published yet. Of the 27 programs and specialized agencies of the UN development system with a separate budget, sufficient and reliable staff and funding data is available for the following 15 organizations:<sup>4</sup>

Table 1: Sample of IOs

IO	
Food and Agriculture Organization	FAO
International Atomic Energy Agency	IAEA
International Labour Organization	ILO
International Maritime Organization	IMO

International Telecommunication Union	ITU
United Nations	UN
Joint United Nations Programme on HIV/AIDS	UNAIDS
United Nations Development Programme	UNDP
United Nations Educational, Scientific and Cultural Organization	UNESCO
United Nations Refugee Agency	UNHCR
United Nations Children's Fund	UNICEF
Universal Postal Union	UPU
World Health Organization	WHO
World Intellectual Property Organization	WIPO
World Meteorological Organization	WMO

These organizations are certainly not 'representative' of the broader population of IOs as listed, for example, in the Yearbook of International Organizations (Union of International Associations, 2015). Thus, the empirical insights gained in this article are valid for the organizations of the UN family at best and should not be used to make claims about the population of IOs in general.

Staffing data is taken from the annual 'Personnel Statistics' published by CEB on their website. These sources only cover staff with contracts of a duration of one year or more. Short-term staff members are not counted. While such a non-exhaustive data basis does not allow for empirically-based conclusions applicable to the entire IPA workforce, it constitutes what could be called a 'hard case' for testing our hypotheses. We argue that if we observe the expected relationship in mid-term and long-term contracts, the effect should be even stronger for personnel with short-term contracts and non-staff, which can be hired and fired even more flexibly.

We first retrieved the numbers of professional, general service, and total staff under all other funds. The UN classification 'under all other funds' refers to staff outside the regular budget, which includes voluntary contributions, funds-in-trust, grants, and reimbursable arrangements. Second, we retrieved the numbers of professional staff, general service staff, and total staff who are employed without a time limit. According to the UN's definition, this contract category covers permanent, career, indefinite, and probationary appointments. Personnel under such contractual arrangements are hitherto referred to as 'permanent staff'. They can be distinguished from staff with a contract of a defined duration (fixed-term staff). Based on the same sources, we also calculated the ratio of staff at headquarters to the total staff of the IPA in order to control for the effects induced by a decentralization of staff to the field.

Funding data is based on the information given in the 'Statistical report of the United Nations System Chief Executives Board for Coordination on the budgetary and financial situation of the organizations of the United Nations system'. These reports provide comprehensive annual information on the funding of UN agencies. Two variables are retrieved from these reports: The main independent variable to test H1 is the annual restricted voluntary contributions between 2002 and 2015. The second variable is the annual share of restricted voluntary contributions in total expenditures from all funding sources of an agency. This variable is used to test H2. Overall, the

sample contains 195 IO-year observations for staff data (15 IOs over 13 years) and up to 210 IO-year observations (15 IOs over 14 years) for financial data (including some missing values). Depending on the model specifications and the use of lagged variables, however, the number of observations may be smaller during the analysis. Table 2 summarizes the descriptive statistics of all variables used in the analysis.

Table 2: Descriptive statistics

<b>Variable</b>	<b>Explanation</b>	<b>Unit</b>	<b>N</b>	<b>Mean</b>	<b>Std. Dev.</b>	<b>Min</b>	<b>Max</b>
totalstafffunds	total staff of IPA under other funds	staff members	195	2695.5	5211.0	0	30366
pfunds	professional staff of IPA under other funds	staff members	195	893.4	1408.8	0	6893
gsfunds	general service staff of IPA under other funds	staff members	195	1802.1	3860.8	0	23473
total_permratio	tenure quota (total staff)	ratio	195	.35132	.29984	0	1
p_permratio	tenure quota (professional staff)	ratio	195	.33294	.30261	0	1
gs_permratio	tenure quota (general service staff)	ratio	195	.37641	.31932	0	1
exbud	restricted voluntary contributions	million US\$	207	767.91	1099.7	2.9518	4311.3
exbud_ratio	ratio of restricted voluntary contributions to total expenditures	ratio	202	.41556	.26933	.01372	.99435
hqratio	ratio of staff at IO headquarters to total staff	ratio	195	.60740	.32392	.08705	1

*Notes:* Staff numbers include only staff appointed for a period of at least one year and do not include the category of 'National Professional Officers'.

## Results

Does a change in voluntary contributions affect the number of IPA staff members? In order to answer this question formalized in H1, we estimate three panel regression models with the number of staff (in different staff categories) as dependent variables.

Table 3: The effect of voluntary funding on staff numbers

	(1) total staff under other funds	(2) P staff under other funds	(3) GS staff under other funds
Voluntary contributions	1.68 (0.77)**	0.62 (0.15)***	1.06 (0.63)
Ratio HQ/total staff	-3,631.27 (2,549.59)	-152.52 (428.59)	-3,478.75 (2,401.01)
Year	22.62 (20.40)	8.45 (4.94)	14.17 (15.99)
Constant	-41,289 (40,528)	-16,305 (9,957)	-24,984 (31,630)
F	2.37	8.50	1.41
R <sup>2</sup>	.94	.98	.91
N	147	147	147

\*  $p < 0.1$ ; \*\*  $p < 0.05$ ; \*\*\*  $p < 0.01$

Notes: IO-fixed effects panel regressions and linear time trend. R<sup>2</sup> is based on least square dummy variable (LSDV) model to get correct estimates. Voluntary funding in current US\$ million and lagged by three years. Robust (Huber–White) standard errors in parentheses.

Table 3 presents fixed-effect regression models that include the voluntary contributions, a control for a linear time trend in staff growth (measured by the variable ‘year’), and a control for decentralization processes (Ratio HQ staff/total staff). The variable ‘voluntary contributions’ is lagged by three years because we expect that its effects on staff numbers takes some time to unfold. The results show that an increase in voluntary contributions is associated with a general increase in the number of staff. The coefficient of 1.68 for the variable measuring voluntary contributions in the first model indicates that an increase of one million dollars in voluntary funding leads to an increase of almost two staff members in the respective category of the IPA workforce. This result is in line with the expectations formulated in H1. In model 2 and 3, we split the observations into two groups to examine the differential effects on P staff and GS staff (H3). Contrary to our expectations, these results suggest that general service staff is more strongly affected by changes in voluntary funding (even though the coefficient is not significant for GS staff in model 3): an increase in voluntary contributions by one million dollars is associated with an increase of 1.06 in general service staff, but only 0.62 in professional staff. In sum, the first results show that if IOs get more voluntary funding, they increase their staff by employing more people outside the regular budget. The dependent variable in table 3, however, does not differentiate between permanent and non-permanent staff. Consequently, we cannot use this data to investigate if an IO uses voluntary funding to increase or decrease permanent positions.

Thus, we next turn to a second model specification in order to explore the effects of voluntary funding on administrative permanence. H2 postulates that if the share of voluntary funding in total organizational expenditures increases, the tenure quota among an IPA’s workforce is expected to decrease. This reasoning is based on the

expectation that with increasing ‘voluntarization’ of funding, the capacity of IOs to provide long-term, open-ended employment suffers. We test H2 by looking at the relationship between two ratio variables. 1) the ratio of voluntary contributions to total expenditures and 2) the ratio of staff with permanent contracts to total IPA staff. Model specifications are similar to the previous estimations. We use fixed-effects panel regressions but change the dependent variables from absolute staff numbers to tenure quota (in different staff categories). The independent variables in table 4 are the share of voluntary contributions (lagged again by three years), the ratio of staff at headquarters and a control for a linear time trend in staff growth.

Table 4: The effect of the share of voluntary funding on tenure quota

	(1)	(2)	(3)	(4)	(5)	(6)
	total staff	total staff	P staff	P staff	GS staff	GS staff
Share of vol. funding	-0.074 (0.093)	-0.181 (0.086)*	-0.071 (0.125)	-0.191 (0.134)	-0.062 (0.077)	-0.153 (0.061)**
Ratio HQ/total staff		1.190 (0.832)		1.331 (1.043)		1.012 (0.633)
Year	0.006 (0.007)	0.010 (0.007)	0.006 (0.009)	0.011 (0.010)	0.006 (0.006)	0.009 (0.005)
Constant	-11.009 (14.115)	-19.524 (14.619)	-12.189 (17.492)	-21.714 (19.844)	-11.774 (11.693)	-19.016 (10.905)
F	0.33	2.51	0.26	1.03	0.61	2.68
R <sup>2</sup>	.90	.92	.86	.88	.94	.95
N	142	142	142	142	142	142

\*  $p < 0.1$ ; \*\*  $p < 0.05$ ; \*\*\*  $p < 0.01$

Notes: IO-fixed effects panel regressions and linear time trend. R<sup>2</sup> is based on LSDV model to get correct estimates. Voluntary funding lagged by three years. Robust (Huber–White) standard errors in parentheses.

The coefficient of the variable ‘share of voluntary funding’ is negative in all models. This result is in line with the expectation postulated in H2. When changes in the ratio of headquarters staff are included, the effect of voluntary funding increases substantially in all models and becomes significant for the tenure quota among all staff (model 2). The coefficient of -0.181 in model 2 indicates that an increase of 10 percentage points in the share of voluntary funding reduces the tenure quota among total staff by 1.8 percentage points. If we estimate the effects on the tenure quota among professional staff (model 4) and general service staff (model 6) separately, only the effect on tenure among GS staff is significant. A comparison of the coefficients in model 4 and 6 shows that – as postulated in H3 – P staff is more affected. The difference in effect between the two groups, however, is quite small.

## Conclusion

In this paper, we have made a first step toward investigating the consequences of voluntary funding for staff autonomy in IOs. Our analysis of funding and staffing in 15 UN agencies over 14 years indicates that an increase in voluntary contributions is associated with a subsequent increase in the number of staff. If we take into account the total expenditures and thus focus on the *share* of voluntary funding in total IO revenues, we find a negative effect on an IPA’s tenure quota: The more an IO depends on voluntary resources (within its overall budget), the more it seems aware of this

precarious dependence and thus reacts by reducing the share of staff with a permanent contract.

Even though one needs to be careful when generalizing the results beyond the present sample, these findings suggest important insights into the role of IOs in policy-making during times of financial austerity. To a certain degree, the assessment of these implications depends on whether one follows the behavioral assumptions of sociological theories or those underlying the principal-agent model. From an economic perspective, which views staff growth as something inherently pathological (Vaubel et al., 2007), the results presented above are ‘good news’ – at least as long as the policy portfolio of the respective IO does not grow substantially. Our findings suggest that IOs are responsive to changes in their political (i.e., fiscal) environment and adjust their staffing practices accordingly. From the perspective of organizational sociology, however, a decrease in permanent staff may harm the ability of IPAs to conduct strategic planning and effective problem-solving. In the short term, this trend affects human resource management within the IPAs. Since bureaucratic autonomy in general and administrative permanence in particular are related to, or even preconditions for, an IPA’s institutional memory and policy expertise, this trend may also jeopardize the capacity of IPAs to ‘manage the international as a space distinct from the sum total of member states’ interests’ in the long term (Sending, 2014, p. 338; see also Xu and Weller, 2004, p. 49).

In light of the cuts in the number of staff members and permanent contracts because of growing voluntary funding, human resource management in UN agencies also faces several practical challenges. In particular, we want to highlight an internal and an external challenge in this regard. The internal challenge relates to the work motivation of IPA staff. The question here is how the changes in career structure affect the values and motivation of their employees. Previous research found, for instance, that tenure dilutes national identities and makes international civil servants more ‘supranational’ (Mele et al., 2016, p. 503). Moreover, job security and internal career opportunities are important factors to keep staff motivated (Parker et al., 2002). Thus, if the amount of time that staff members are allowed to stay within an organization decreases and long-term career prospects deteriorate, we expect that their identification with organizational goals and values will suffer, and that a resulting decrease of motivation will negatively affect the quality of their work.

The external challenge created by the observed trends relates to staff recruitment and the labor market competitiveness of UN organizations. The question is whether an organization that is becoming less attractive as an employer still acquires people with the skills and experience needed to guarantee high levels of professionalism (Giauque et al., 2016, pp. 3–6). IOs compete with other IOs and private-sector organizations for the most qualified personnel. Evidence from the Organization for Security and Cooperation in Europe (OSCE) indicates that the trends we observe in the employment policies of the UN development system can become highly problematic (Shkolnikov, 2009). If the work conditions deteriorate, we expect that the UN organizations will find it more difficult to be attractive to capable personnel.

Taken together, recent developments give reason to be even more pessimistic about the future of the UN’s civil service besides the regular discussions about national quotas and unilateral influence (Reinsberg, this issue; for a summary see e.g. Newman, 2007). After all, it is an empirical question whether the rise of voluntary contributions and the associated consequences for human resource management

affect the problem-solving capacities of IOs, in terms of the effectiveness and efficiency of their policy output. Future research should thus investigate this link empirically by conducting in-depth case studies of selected organizations or by linking the trends observed here to a systematic measure of IO performance (see Tallberg et al., 2016).

## Notes

This research is part of the research unit 'International Public Administration' supported by the German Research Foundation under Grant FOR # 1745 TP 02 BA 3658/5-1. An earlier version of this article has been presented at the workshops 'Resourcing international organizations: actors, processes and budgets' (Munich, 23-24 June 2016) and 'Exploring the Rhein-Neckar Connection in Political Science' (Heidelberg, 27 January 2017). The authors would like to thank the participants of these workshops, the anonymous referees and the guest editors for guidance and comments on earlier versions of this article. The authors are indebted to Yvette Peters, Michaël Tatham and Steffen Zabler for invaluable methodological suggestions as well as Richard Hermanowski and Nora Wagner for their support during data collection.

<sup>1</sup> Graham (2016) identifies a variety of terms used by the organizations of the UN system to describe restricted voluntary funding, such as 'earmarked', 'non-core', 'restricted', 'negotiated', 'bilateral', 'multi-bi/multi-bilateral funding', and 'trust fund'.

<sup>2</sup> In the original report, the WHO showed two sudden peaks in its tenure quota, which was caused by an immediate increase of staff with permanent contracts in 2010 (+ 2,469 staff) and 2013 (+ 3,483 staff). Since fixed-term staff during the same years dropped by about the same numbers, we assume that this anomaly is erroneous and corrected the data accordingly.

<sup>3</sup> This approach also resonates well with the argument that such a narrower perspective – one that treats aspects of bureaucratic autonomy as single independent variables – has an added benefit in that it recognizes that certain explanations may only be relevant for specific dimensions of the concept (Bach, 2014, p. 344).

<sup>4</sup> Especially the financial data used here suffers from a number of problems and needs to be treated with caution (Hüfner, 2009). While it is not possible to validate every unit-year observation, we did some basic consistency checks to identify potentially problematic cases. With the World Food Programme and the International Civil Aviation Organization, we identified two organizations for which the voluntary contributions in some years exceed the overall budget. Since we have no means to sufficiently account for this inconsistency, we decided to exclude these organizations from the analysis altogether. Overall, however, we are confident that the results of the analysis are generally valid because, first, the rest of the observations pass this basic test and, second, potential flaws in the data do not seem to be systematically related to our dependent variable.

## References

- Amerasinghe, C. F. (2005) *Principles of the Institutional Law of International Organizations*, 2nd edn. Cambridge (MA): Cambridge University Press.
- Bach, T. (2014) 'The autonomy of government agencies in Germany and Norway: explaining variation in management autonomy across countries and agencies', *International Review of Administrative Sciences*, 80 (2), pp. 341–61.
- Barnett, M. and M. Finnemore (1999) 'The Politics, Power, and Pathologies of International Organizations', *International Organization*, 53 (4), pp. 699–732.
- Bauer, M. W. and J. Ege (2016) 'Bureaucratic autonomy of international organizations' secretariats', *Journal of European Public Policy*, 23 (7), pp. 1019–37.
- Bauer, M. W. and J. Ege (2017) 'A Matter of Will and Action: The Bureaucratic Autonomy of International Public Administrations' in M. W. Bauer, C. Knill, S. Eckhard (eds), *International Bureaucracy: Challenges and Lessons for Public Administration Research*. Basingstoke: Palgrave Macmillan, pp. 13–41.
- Biermann, F. and B. Siebenhüner (2013) 'Problem Solving by International Bureaucracies: The Influence of International Secretariats on World Politics' in B. Reinalda (ed.), *Routledge Handbook of International Organization*. London: Routledge, pp. 149–61.
- Brown, R. L. (2010) 'Measuring Delegation', *Review of International Organizations*, 5 (2), pp. 141–75.
- Cortell, A. P. and S. Peterson (2006) 'Dutiful Agents, Rogue Actors or Both? Staffing, Voting Rules, and Slack in the WHO and WTO' in D. G. Hawkins, D. A. Lake, D. L. Nielson, M. J. Tierney (eds), *Delegation and Agency in International Organizations*. Cambridge (MA): Cambridge University Press, pp. 255–80.
- Cox, R. W. and H. K. Jacobson (1973) *The Anatomy of Influence: Decision Making in International Organization*. New Haven (CT): Yale University Press.
- da Conceição-Heldt, E. (2013) 'Do Agents 'Run Amok'? A Comparison of Agency Slack in the EU and US Trade Policy in the Doha Round', *Journal of Comparative Policy Analysis: Research and Practice*, 15 (1), pp. 21–36.
- da Conceição-Heldt, E. and H. Schmidtke (this issue) 'Empowering International Organizations: Tasks, Issue Scope, and Capabilities', *Global Policy*.
- Ege, J. (forthcoming) 'Comparing the Autonomy of International Public Administrations: An Ideal-Type Approach', *Public Administration*.
- Ege, J. and M. W. Bauer (2013) 'International Bureaucracies from a Public Administration and International Relations Perspective' in B. Reinalda (ed.), *Routledge Handbook of International Organization*. London: Routledge, pp. 135–48.
- Eichenauer, V. Z. and B. Reinsberg (2016) What determines earmarked funding to international development organizations? Evidence from the new multi-bi aid data. AidData Working Paper 25.
- Eisenstadt, S. (1958) 'Bureaucracy and Bureaucratization', *Current Sociology*, 7 (2), pp. 99–124.
- Ellinas, A. A. and E. Suleiman (2012) *The European Commission and Bureaucratic Autonomy. Europe's Custodians*. Cambridge: Cambridge University Press.
- Giauque, D., S. Anderfuhren-Biget and F. Varone (2016) 'Stress and turnover intents in international organizations: Social support and work–life balance as resources', *The International Journal of Human Resource Management*, pp. 1–23.
- Goetz, K. H. and R. Patz (this issue) 'Resourcing International Organizations – An Introduction', *Global Policy*.
- Graham, E. R. (this issue) 'Financing, Multilateralism & Governance at International Organizations', *Global Policy*.
- Graham, E. R. (2016) 'The institutional design of funding rules at international organizations: Explaining the transformation in financing the United Nations', *European Journal of International Relations*, pp. 1–26.

- Haftel, Y. Z. and A. Thompson (2006) 'The Independence of International Organizations - Concept and Applications', *Journal of Conflict Resolution*, 50 (2), pp. 253–75.
- Hawkins, D. G., D. A. Lake, D. L. Nielson and M. J. Tierney (2006) 'Delegation Under Anarchy - States, International Organizations, and Principal-Agent Theory' in D. G. Hawkins, D. A. Lake, D. L. Nielson, M. J. Tierney (eds), *Delegation and Agency in International Organizations*. Cambridge (MA): Cambridge University Press, pp. 3–38.
- Hensell, S. (2016) 'Staff and status in international bureaucracies: a Weberian perspective on the EU civil service', pp. 1–16.
- Hooghe, L. and G. Marks (2015) 'Delegation and Pooling in International Organizations', *The Review of International Organizations*, 10 (3), pp. 305–28.
- Hüfner, K. (2009) Finance Data of Organizations of the UN System: Present and Future Problems of Accountability, <https://www.globalpolicy.org/un-finance/general-articles/48009.html>, date accessed 28 February 2017.
- Kim, D.-R. (2008) 'Political Control and Bureaucratic Autonomy Revisited: A Multi-institutional Analysis of OSHA enforcement', *Journal of Public Administration Research and Theory*, 18 (1), pp. 33–55.
- Langrod, G. (1963) *The International Civil Service: Its Origins, Its Nature, Its Evolution*. Leyden: A. W. Sythoff.
- Maggetti, M. and K. Verhoest (2014) 'Unexplored Aspects of Bureaucratic Autonomy: A State of the Field and Ways Forward', *International Review of Administrative Sciences*, 80 (2), pp. 239–56.
- Mayntz, R. (1978) *Soziologie der öffentlichen Verwaltung*. Heidelberg: C. F. Müller.
- Mele, V., S. Anderfuhren-Biget and F. Varone (2016) 'Conflicts of interest in International Organizations: Evidence from two United Nations humanitarian agencies', *Public Administration*, 94 (2), pp. 490–508.
- Michaelowa, K. and A. Michaelowa (2016) 'The growing influence of the UNFCCC Secretariat on the clean development mechanism', *International Environmental Agreements: Politics, Law and Economics*, pp. 1–23.
- Newman, E. (2007) 'The International Civil Service: Still a Viable Concept?', *Global Society*, 21 (3), pp. 429–47.
- Novosad, P. and E. Werker (2014) 'Who Runs the International System? Power and the Staffing of the United Nations Secretariat', *Harvard Business School BGIE Unit Working Paper*, No. 15-018.
- Parizek, M. (2016) 'Control, soft information, and the politics of international organizations staffing', *The Review of International Organizations*, pp. 1–25.
- Parker, S. K., M. A. Griffin, C. A. Sprigg and T. D. Wall (2002) 'Effect of temporary contracts on perceived work characteristics and job strain: A longitudinal study', *Personnel Psychology*, 55 (3), pp. 689–719.
- Patz, R. and K. H. Goetz (2017) 'Changing budgeting administration in international organizations: Budgetary pressures, complex principals and administrative leadership' in M. W. Bauer, C. Knill, S. Eckhard (eds), *International Bureaucracy: Challenges and Lessons for Public Administration Research*. Basingstoke: Palgrave Macmillan.
- Ranshofen-Wertheimer, E. F. (1943) 'International Administration: Lessons from the Experience of the League of Nations', *American Political Science Review*, 37 (5), pp. 872–87.
- Reinalda, B. and B. Verbeek (2011) 'Policy Autonomy of Intergovernmental Organizations: A Challenge to International Relations Theory' in R. Collins, N. D. White (eds), *International Organizations and the Idea of Autonomy. Institutional Independence in the International Legal Order*. London: Routledge, pp. 87–103.
- Reinsberg, B. (this issue) 'Trust funds as a lever of influence at international development organizations', *Global Policy*.
- Reinsberg, B. (2016) 'The implications of multi-bi financing on multilateral agencies: The example of the World Bank' in T. C. Mahn, M. Negre, S. Klingebiel (eds), *The fragmentation of aid: concepts*,

- measurements and implications for development cooperation*. Basingstoke: Palgrave Macmillan, pp. 185–98.
- Rittberger, V., B. Zangl and A. Kruck (2013) *Internationale Organisationen*. Wiesbaden: Springer VS.
- Sartori, G. (1970) 'Concept Misformation in Comparative Politics', *American Political Science Review*, 64 (4), pp. 1033–53.
- Schnapp, K.-U. (2004) *Ministerialbürokratien in westlichen Demokratien - Eine vergleichende Analyse*. Opladen: Leske & Budrich.
- Sending, O. J. (2014) 'The International Civil Servant', *International Political Sociology*, 8 (3), pp. 338–40.
- Shkolnikov, V. D. (2009) 'Is This Any Way to run an Organization? Reflection on OSCE's Employment Policies', *Security and Human Rights*, 20 (2), pp. 147–53.
- Sridhar, D. and N. Woods (2013) 'Trojan Multilateralism: Global Cooperation in Health', *Global Policy*, 4 (4), pp. 325–35.
- Tallberg, J., T. Sommerer, T. Squatrito and M. Lundgren (2016) 'The performance of international organizations: A policy output approach', *Journal of European Public Policy*, 23 (7), pp. 1077–96.
- Terzi, C. and P. L. Fall (2014) *Use of non-staff personnel and related contractual modalities in the United Nations System Organizations*. Geneva: Joint Inspection Unit.
- Thorvaldsdottir, S. (2016) *How to win friends and influence the UN: Donor influence on the United Nations' bureaucracy*. Paper presented at the 6th Annual Conference of the European Political Science Association, Brussels, Belgium, June 23–25.
- Trondal, J., Z. Murdoch and B. Geys (2015) 'On Trojan Horses and revolving doors: Assessing the autonomy of national officials in the European Commission', *European Journal of Political Research*, 54 (2), pp. 249–70.
- Union of International Associations (2015) *Yearbook of International Organizations 2015-2016: Vol. 5. Statistics, Visualizations, and Patterns*. Leiden: Brill.
- Vaubel, R. (2006) 'Principal-Agent Problems in International Organizations', *The Review of International Organizations*, 1 (2), pp. 125–38.
- Vaubel, R., A. Dreher and U. Soylu (2007) 'Staff Growth in International Organizations: A Principal-Agent Problem? An Empirical Analysis', *Public Choice*, 133 (3-4), pp. 275–95.
- Weber, M. (1978) *Economy and Society*. Berkeley: University of California Press.
- Weinlich, S. (2014) 'Funding the UN system' in S. Browne, T. G. Weiss (eds), *Post-2015 UN development. Making change happen*. London, New York: Routledge, pp. 75–94.
- World Health Organization (2013) *Amendments to the Staff Regulations and Staff Rules*. EB132/40. Geneva.
- Xu, Y.-C. and P. Weller (2004) *The Governance of World Trade - International Civil Servants and GATT/WTO*. Cheltenham: Edward Elgar.
- Yesilkagit, K. (2011) 'Autonomy, Administrative' in B. B. Badie, D. Berg-Schlosser, L. Morlino (eds), *International Encyclopedia of Political Science*. Thousand Oaks (CA): Sage, pp. 118–23.

## Author information

**Jörn Ege** is a researcher at the German University of Administrative Sciences Speyer. He holds an MA from the University of Konstanz and a PhD from the Humboldt University Berlin. He works in (Comparative) Public Administration and Public Policy, especially in the context of the European Commission and the administration of international organizations more generally.

**Michael W. Bauer** is Jean Monnet Professor and holds the chair of Comparative Public Administration and Policy Analysis at the German University of Administrative Sciences in Speyer. He is interested in international and multilevel public administration as well as in the comparative analysis of public policy-making.