

The Use of Professional Expertise in A Patrimonial Administration

Mehran Sepehri and Mohsen Ghadiri

Abstract—Limited studies in public administration research have addressed the contextual-local problems in non-Western nations. This qualitative research aims at institutional features of Iran public procurement, on the effects of patrimonialism on government procurement as a vulnerable function of the public sector. The patrimonial-rentier authority has a crucial impact on different aspects of Iranian public procurement. In critical purchasing decisions with remarkable economic consequences, a bureaucratic-expert coalition prevails to prevent government from following the ineffective patrimonial-rentier order. Due to the flood of oil revenues, patrimonialism continues to remain the dominant factor in a majority of procurement contracts in Iran, exemplified by the long-term partnerships between the government and a few exclusivist companies.¹

Index Terms—Patrimonialism, public procurement, rentier state, public sector, public administration.

I. INTRODUCTION

Developed countries share the histories of administrative progression, from the classic bureaucracy to the late patterns of public management [1], [2]. Differently, the developing countries are dealing with various issues in their public administration which cannot be reduced to the lack of conventional administrative knowledge. While most of the developing countries have had the experience of hosting some globally defined programs of administrative reform, they have evidently failed to attain most of the targeted qualities. Such a difference necessitated the study of public administration in non-western countries, to suggest alternative approaches and keep them in dialogue with the general literature of public management [3], [4].

Patrimonialism has been defined as a protective form of governance characterized by a kinship focus and a notion of rules and regulations against the Weberian idea of rational bureaucracy. Compared with the bureaucratic apparatus relying on impersonal behavior, hierarchical control and differentiated structure, patrimonial state values the sacred traditions, personal ties and patriarchal authorities [5]. Though patrimonialism may not be a relevant concept in analyzing the western types of public administration, it is enlightening to see why such a different form of governance has not only survived the difficulties of modernization but also had moments of renaissance and re-stabilization in different parts of the world [6].

Many studies explored the impact of patrimonialism on the qualities of governance in non-western nations. The quality of democratization, the logic of transition and

survival [7], and the pattern of administration and governance [8], [9] are some applications of this concept in the current world.

The aim of this study is to determine the effect of Iranian patrimonial administration on the quality of public procurement (PP) as a technical subdivision of public sector. Needless to say, the theory of patrimonialism would not solely suffice to provide such an institutional explanation. Thus, some other complementary theories have also been used to interpret the practice of PP professionals in Iran, based on their institutional considerations and restrictions.

II. PATRIMONIALISM AND NEO-PATRIMONILISM

The essence of patrimonial order is seen in the patron – client relation including total loyalty, valuable exchanges and guaranteed mutual supports. So, the patron is dependent upon the clients' multifaceted acts of adherence assumed as eternal as the promise of protecting the interests of clients by the patron. That is to say, there are no legal or formal elements in the voluntary patron – client relations and both parties are conventionally allowed to leave the relationship without any prior notice [10].

While some authors have found the roots of Iranian patrimonialism in the ancient Persian emperors, most of the scholars have focused on the experience of modernity as the source of the administrative crisis in Iran [11]. Qajar dynasty was close to Weberian patrimonial state. Under the Qajar, Iranian people experienced a patrimonial monarchy which essentially had no understanding of either the rights of civil society or the role of national elites in the kingship. In Turkey, people received no respect from the founders of the modern nation either, but the elites were all united in a well-organized establishment that kept the state independent from societal forces. Neither democratic nor bureaucratic bases were successfully initiated [12]. Amir Arjomand [13] claims that the Iranian intellectuals had a good awareness of the difference between a patrimonial monarchy and the "custodial state" defined as a government that respected the rule of Islam and would not confiscate the establishment as its own property. Such a progressive interpretation of sharia helped the Shi'ite clergies to refute the spirit of tyranny, but not enough to make a paradigmatic shift in the Iranian administration. Constitutionalist were successful in negating the basis of Qajar patrimonialism, but finally failed to suggest a democratic alternative to define the rule of law as a national agenda. Katouzian [14] argues that it was a revolution for the rule of law but did result in a chaos, the product of a historical trauma. People had no experience of substituting an arbitrary rule with a legitimate government. Fall of the big patron had always been translated to the rise of chaos. There was a giant gap between the progressive

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constitutionalists and the Iranian people who were just experiencing one of the worst periods of interregnum.

A. Rentierism and A Highly Centralized Bureaucracy

As a result of the previously mentioned syndrome, Reza Khan did not have to wait too long to be the next king. The syndrome involved a simple equivalence: absence of a despotic power would lead to disorder, a logic historically verified even in the cases of death of the despots, let alone the fall of dynasties. Reza Khan was also lucky to have been that national hero who removed all of the provincial riots and made the country secure against the threats of disintegration [14]. Owing to the newly found reserves of oil, such changes had the chance of realization, though Iran was just receiving a little share of oil profits. Reza Shah was unhappy with the unreliable share of the oil revenues for the Iranian side and made the cabinet reach a new agreement with the British company, a despotic show of arrogance unfortunately had no international influence and just led to a new contractual framework that could not guarantee any privilege for the real owners of Persian oil reserves [14].

The humiliating overthrow of Reza Shah gave a variety of social and political forces the scope to reorganize and return to the civil sphere. National Front, inspired by the promise of saving the country from tyranny and shaped around the charisma of Mossadeq, was one of the main political factions which appreciated the suddenly open atmosphere and introduced itself as the right alternative to revive the lost ideals of constitutional movements. With the recently scandalized case of agreements with BP, Mossadeq started criticizing the indifference of the government and the cruel policies of Britain. Eventually, Mossadeq won the oil-nationalization legal battle but found no opportunity to operationalize his plans for the Iranian economy. Pahlavi the second, who owed his crown to the American coup d'état, returned to the country while Iran was, desperately, set to go through any plan his majesty favored, this time with no political disturbance [15].

Mahdavy [16] was the first to coin the term "rentier state" to describe the particular condition of those countries which were deeply and regularly dependent upon an external rent, a significant revenue with no productive origin inside the borders. So, the oil for Iranian economy was similar to the Egyptian passage revenues in Suez Canal or that of the transit payments in Middle East countries. What makes "Rentierism" special, is the fact that the nationalization movements in countries like Egypt and Iran, happened in a historical period which is still remembered as the last pace of colonialism. A "fortuitous etatism" as called by Mahdavy [16], replaces the colonialist tradition in these countries, a type of statist approach toward development that keeps the government in a wholly prevalent and autonomous position compared to the other societal forces. Mahdavy's definition actually translates the "state" to "society", a controversial viewpoint which leaves no room for analyzing the state-economy relationships [16]. However, thanks to the later theoretical supplements, the conception of political economy as a clear case of Rentierism has been so fashionable in Iran.

B. A Persian Despotism

Upon his return to Iran, Mohammad Reza Shah decided to rely on a combination of patrimonial and rentier features of

the Iranian government to fortify his renewed kingship. Katouzian (in Chehabi and Linz, 1998) [17] calls the years between 1961 and 1979 the second Sultanistic period in Pahlavi dynasty, after 1933 – 1941 period as the first one. In his previous scholarships, Katouzian [14] used the concept "despotism" to accentuate the fact that Iranian kingship was always different from both "absolute" and "totalitarian" states as to the bases of legitimacy, the legitimizing ideology and the relationships with social classes. In brief, Persian despotism is characterized by a monopoly of arbitrary power which is exclusively in hands of one man who is in not accountable to any group and is unlimitedly entitled to apply his power on each and every public matter.

The power was consolidated to provide a developmental bureaucratic space without any desire for a democratic change. Beside the financial and managerial aids from global powers in implementing the new establishment, CIA came to help the formation of an organization locally named SAVAK (National Security and Information) as an unlimited secret security force. Oil dispute was also finalized in a seemingly win-win condition, in which Americans were added to the consortium and the profits were shared equally to forget the ideals of national control over the oil industry. However, the new agreement was enough to make the bureaucratized despotism rich and give it the strength to project its favorite meaning of democracy. Elections were engineered to make sure that both parliament and senate would have members of guaranteed loyalty. All possible sites of conflict, i.e. trade unions, universities and industries were added to the targets of SAVAK machinery, while concepts like "strike" were essentially defined as alien to the Iranian culture [15]. Public administration was defined as an omnipresent bureaucracy and a pervasive force not tolerate any discrepancy. With no care for either legitimacy or democracy, the ineffective administration was the only actor in the field to play and win all the games, no matter how corrupt or repressive it would seem. The bureaucracy here, found a good stage to show its capacities in centralizing a giant administration. An extensive state which left no village untouched, the role of the state as the managerial source of change was inculcated in civil society. Turning the partly agrarian economy to a comprador complex was the last piece of a puzzle which redefined Iran as a reliant society [18].

III. A REVOLUTIONARY RENTIER STATE

The unexpected 1979 revolution was a collective rise against the corrupt Sultanistic monarchy which had left deep scars of corruption on all parts of Iranian society. Such a fundamental change could not remain indifferent in the case of administrative features which had direct effects in both harmonizing the despotic state and paralyzing the repressed society. Leading revolutionary discourse was a combination of nationalist and religious ideas which had no records of criticizing the monarchy for its statist administration. In both groups there were pieces of evidence of a similar statist fashion which was supposed to be different from that of Pahlavi's, in social justice and equality. The nationalist were removed from political mainstream due to their reformist attitudes, it took about ten years for the revolutionist to start a new round of developmental planning [19].

Renewal of the "state" as the focal administrative body which would both mobilize and control the organizational

forces in the country was not limited to a new introduction of 5-year economic plans. It was all about reviewing a long history of arbitrary power, a tradition which had been rejected during the Iranian revolution. He kept an undemocratic abstract of the modern state and dismissed all the other elements, i.e. the role of civic entities, the routines of meritocracy and the political rights of people [19].

He finally failed to accept a fully-fledged modern state, because such an administration was in deep conflict with his own notion of the strong rule. He kept an undemocratic abstract of the modern state and dismissed all the other elements, i.e. the role of civic entities, the routines of meritocracy and the political rights of people [20]. As previously noted, when Mohammad Reza returned to the country after his bitter experience with Mossadeq, he decided to follow his father in distinguishing the economic core of the developmental state from what was globally known as the democratic modern state. All of civil servants who failed to provide enough evidence for their loyalty were labeled as infidels and then replaced with new forces. The king came up with a solution to the development dilemma: a westernized modern economy would make both the arbitrary ruler and the developed world happy [20].

The central government has, theoretically, provided more space for the private sector in the 5-year developmental plans, but the expansion of public sector and the lack of democratic will to defend the rights of private capital kept most of the economic opportunities in the hands of state-sponsored foundations. Islamic state was expected to be fair in dealing with both public and private capitals, but it failed the expectations and provided evidence for the claim that what was finally implemented after the revolution was a rule of state, rather than the rule of law, a quality previously observed under the rule of Pahlavi [2]. Thus, as stated by Mohammadi [20], in spite of some limited periods of partial democracy, Islamic Republic has also returned to a form of authoritarian administration which would not regard any private interest as legitimate. However, this pseudo-democratic administration has not had the capacity either to respect the rights of civil society or, at least, organize itself in a reliable manner [20].

IV. METHODS

The first methodological choice in this research was a case study results of which were supposed to be verified and validated by some focus groups. Due to the confidential considerations, the primary coordinated interviewees were recalled to attend individual in-depth interviews. Regarding the aforesaid security concerns, the best solution seemed to go into more details of what the interviewees perceived as purchasing specialists. To do so, a protocol was designed which included two main questions in terms of the general understanding of the interviewed professionals and also their formulation of the main obstacles which had made the use of their professional knowledge difficult. Since the main goal of the research was to gain a better, internally valid, knowledge of how a technical unit like procurement would finally manage to remain connected to the other parts of public administration, in all of the interviews the interviewers just asked the main questions and then let the

interviewees express their experiences exactly in their own words with the least of external intervention. The interviewees included three types of procurement personnel who were known as procurement pundits in their organizations: Commercial Managers, PP officials and Purchasing Agents. They were given the space to say what they wanted, to tell “their stories”, as elite and expert “story-tellers” whose narrations would be valued as reliable sources of knowledge. During the interviews, the researchers had the opportunities to observe how the administrative frameworks were being implemented [21].

V. OBSERVATIONS

As mentioned before, one of the methods used in this research was “participant observation” which helped to attain an understanding of Iranian PP. The interviewees had no experience of working with a “public procurement” team, while the least experienced interviewee had more than twelve years of procurement work on his resume. For almost all of the interviewees, “public procurement” was just a managerial name for “bidding law”, a simple function to be considered under one of the common managerial titles, i.e. commercial and supply chain management.

A. *Familial Order*

As the first theme, there is a familial image of public administration in the minds of procurement professionals. They cast no doubt on the right of high-rank officials to decide the essence of public benefit. National grand policies may not allow for giving particular markets to the foreign firms: It is beyond the power of procurement operators to ask about the reasons behind the removal of some competitors: “Hierarchical considerations are also respected because all in all these are public contracts for which the top managers would be held responsible.” (PP official)

B. *Firefighting Management*

The budget received is usually not enough to cover the overdue payments: “Sometimes financial issues continue for more than two or three years after the end of contracts.” (PP official) Practically, persistence of financial crisis makes significant changes impossible. There have been many contracts in recent decades which could have been awarded to international bidders, but they were not: “because, traditionally, the financial risks of discharging the contracts with Iranian suppliers have been higher than the benefits of dealing with international companies.” (Purchasing agent)

C. *Bureaucratized Impasse*

Heavy bureaucracy is seen everywhere. Everyone should follow the documented procedures: “procurement starts with a documented request processed and put on the priority list.” (PP official). In many procedures both professionals and managers just rely on their provisional discernments: “while the organizational know-hows could have been documented to do the works more objectively.” (Purchasing agent).

D. *Revolutionary Factor*

Islamic framework of Iranian bureaucracy can be seen in the form of revolutionary approaches: “Experiences with foreign companies have not been that good. Big national

companies do know the governmental limitations and would not legalize any case of conflict. Foreigners would not behave like that.” (Commercial manager) The ideal of “independence” is also present, which is clearly a revolutionary idea in a globally interconnected world: “In the case of projects which are awarded to nationally preferred companies, the bottom line is economic self-sufficiency.” (Commercial manager)

E. Critical Flexibilities

Despite the above-mentioned qualities, there have been instances of flexibility in the strict patrimonial orders. When a technology is required: “New private companies could have a role in covering new market vacancies. There have been cases of forming long-term partnerships with private companies able to become adapted to the environment of governmental procurement.” (Commercial manager); “The contracts introduced as cutting edge projects have always had united judicial, organizational and technical forces, because after all it would be the organization which benefits

from a technological advancement.” (Commercial manager)

VI. DISCUSSION

Findings of observations are in clear harmony with the qualities of patrimonialism. Lack of separate “procurement” function and the simple bureaucratic steps in preparing the competition documents are results of bureaucratization of patrimonial order in the Pahlavi dynasty. Table I provides a better image of an ineffective bureaucracy [14], [15]. Table II shows procurement agents are expected to remain focused on the interests of short circles of their stakeholders. Even NGOs are actually limited to some politically authorized activities. The 2005 World Bank report [22] also shows how Iranian PP system is a paradoxical combination of bureaucratic features and a pervasive incompetence, an administrative paralysis not expected to change in the absence of strong laws.

TABLE I: OBSERVATIONS ON THE QUALITY OF IRANIAN PUBLIC PROCUREMENT

Title	Description
Need Assessment	Limited to documentation of requests. Nothing is done under the title of need assessment.
Market Research	Reduced to preparation of vendor lists which are usually updated biennially.
Role of Public Sphere	Defined as the legal duty of publishing announcements in a number of public outlets.
Competition Maximization	Understood as a problem which make the works much more complicated, because generally the best competitions happen between some limited numbers of good companies.
Complaints	Restricted to the legal settings based on which the grievances would be considered if they were sent to the responsible parties in a certain period.
Supervision	Performed on no particular basis and usually based on the financial value of contracts.

TABLE II: MAIN PROPERTIES OF PUBLIC PROCUREMENT UNIT, OBSERVED IN THE FOUR SELECTED CASES

Case	PROPERTIES
1	A subdivision of Commercial office – Eleven employees including four purchasing agents, four officials, one financial advisor and two secretaries – Under the supervision of Commercial Manager – Regulated by both the bidding law and the ministerial regulations.
2	A group under the supervision of the Commission of Transactions – Twelve employees including five purchasing agents, three officials, two financial advisors and two secretaries – No particular manager on top of the unit – Regulated by both the bidding law and the ministerial regulations.
3	A group under the supervision of the commission of transactions – Ten employees including three purchasing agents, four officials and three secretaries – Regulated by both the bidding law and the ministerial regulations.
4	A subdivision of commercial office – Fifteen employees including one official as manager, three other PP officials, two financial advisors, six purchasing agents and three secretaries - Regulated by both the bidding law and the ministerial regulations.

The “familial order” is then a certain sign of patrimonial system. The government has the right to keep some markets closed and consider those who go against that right as disloyal members of the family [10]. Hierarchy is manipulated as the legitimizer of that overarching paternal hand. Like any other position, procurement operators should mind their own business. So, civic entities who pursue the public benefits, would not seem to fit in a network shaped around an unquestionable power. Likewise, the use of discretionary power would mean nothing but a violation in such a despotic environment [11].

This apparatus keeps all the top positions embedded in a total harmony of inferiority. Therefore, a hierarchy line of skilled procurement agents and knowledgeable ministerial supervisors might result in a significant change in the patrimonial logic of procurement competitions. Just like what suggested by Sohrabi [12] and Mohammadi [22], the patrimonial state is weak in developing functional capacities and finally remains suspended between a despotic power which would not essentially allow for any private interest to exist and a flexible administration which recognizes the role of private capital and accepts its role as a liberal moderator.

VII. CONCLUSION

Patrimonialism is responsible for ineffectiveness in the Iranian public procurement. PP needs to be supervised by both professional managers and professional ministerial bodies, but in fact, none of these has been actualized in the current framework of Iranian government purchasing. An authoritarian reading of “rule of law” has overshadowed all the procurement phases and converted the whole process of procurement to a dysfunctional bureaucratic flow.

Four of the identified themes are in deep harmony with characteristics of patrimonial states. The fifth identified theme can shed a light on how this research would make a contribution to the field of public administration. In contrast to those theories which do not see the possibility of any change in the implications of government power in Iran, this research has found convincing instances of how the pseudo-modern Iranian state has actually converted to a kind of amphibious organism compatible with both internal rules of governance and international standards of business. In terms of national competitions over procurement contracts, the

first priority of the state is to keep the traditional coalitions with the well-known companies, unless there is a knowledge or technical gap which has to be covered by new private companies, which are, once again, invited to join the familial networks of power and represent the interests of the state instead of playing the role of a competitor.

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